No. 29,711

Business summary

Viacom International, a leading

EUROPEAN Monetary System

Most currencies showed little change on the week as the dollar re

covered from Thursday's one year low to finish the week virtually un-

changed. The Belgian franc re-

mained the weakest member but

showed a much steadier trend. In

recent weeks it has attracted some

**EMS** AUG. 23,1985

Grid

GOLD: In New York the Comex Oc-

tober settlement was \$338.5 (\$338.4).

AEG, West German electricals con-

cern, resumed virtually full owner-

ship of Olympia, its office equip-

HENKEL, the family-owned West

German chemicals concern which

invented Persil washing powder, plans a public share issue in Octo-ber - the first in its 109 year

history. Page 15

Tuesday August 27 1985

D 8523 B

members appeared to have rejected last week's fresh pay offer by min-ing companies and would opt for strike action, due to begin on Sun-

day. The NUM is expected to give its formal response to the compa-

Last Thursday, the companies represented by the Chamber of Mines dropped their united front and offered what amounted to bilat-

eral deals with the union, led by

Anglo American whose new terms

came significantly closer to the union's demand for a 22 per cent in-crease. But another leading mining

house, Gencor, refused to shift from

the 14.1 - 19.8 per cent wage in-

creases which all the mining com-

panies implemented in July.
Union officials described the de-

velopment as an attempt to divide

Welkom. Nobody was injured.

political turmoil of the past few

weeks has led to a substantial net outflow of capital. The 1985 annual

The EOE's other new contract,

was previously available to manage

European Exchange

on the Montreal Exchange.

Currency options have burst into
It is almost certain to be the first the financial markets over the past

day on the other, and marking a their exposure to exchange rate step towards 24-hour, round-the-fluctuations. An option provides the

world trading. The London Stock buyer with the right, but not the ob-Exchange and the Philadelphia ligation to trade a specific amount

Stock Exchange, which lead the of currency at a fixed price at any world in traded currency options, time before expiry.

plans new options

Continued on Page 12

nies tomorrow morning.

#### World news

# New Delhi Warner launches sells TV Sri Lanka interests peace bid package

India is launching a new initiative to try and revive the Sri Lanks peace talks in a last effort to prevent the island from aliding into widespread civil conflict.

WARNER Communications, the U.S. entertainment group, has agreed to sell a package of its televivent the island from aliding into the MTV music video company, to

widespread civil conflict.
Leaders of the main Tamil guerrilla groups have been summoned to New Delhi for talks today with senior Indian officials in a bid to restart the talks which collapsed last week in Thimpu, the capital of the Himplanese bigolium of Bhitman the Himalayan kingdom of Bhutan.

TOKYO biotechnology issues were led lower by Asahi Chemical. The Nikkel-Dow market average shed Security inces claimed to have killed 10 Tamil rebels in a jungle battle in eastern Sri Lanka, while 38.32 to 12,651.77. Page 28 in the north rebels held up a train. WALL STREET: At 2pm the Dow Jones industrial average was 0.22 lower at 1,318.10. Page 28

#### Uganda peace talks

Peace talks to try to end more than 20 years of bloodshed in Uganda began in Nairobi, the Kenyan capital, between the new Ugandan military rulers and anti-government rebels.

#### **Bhutto visitors**

Thousands of mourners have visited Benazir Bhutto, leader of Paki-stan's banned People's Party, since interest rates have risen. The Italstan's banned People's Party, since she returned home with her brother's body. Page 2 ian lira was again the strongest member, followed by the Irish punt.

#### Currency change

Israel's already hard pressed con-sumers and businessmen face a oew ordeal next week with the introduction of the New Shekel.

#### Sikhs kill Hindus

Security was tightened in Punjab after Sikh gunmen killed two Hin-dus in a fresh outhreak of extremist violence, while authorities started the run up to next month's crucial state elections. Page 2

#### Wine law protest About 4,000 Austrian farmers will

/ 1 **4 5**7

drive tractors to Chancellor Fred Sicowatz's office today to protest at a stricter wine production law introchemical additives.

#### Sakharov appeal

The son-in-law of internally exiled Soviet dissident Andrei Sakharov asked a United Nations human rights body to press the Moscow authorities to release Sakharov and

#### Policeman shot A French policeman was killed in a

shootout with men who broke into a safety deposit storehouse in Saint Laurent du Var near Nice.

#### **Nepal frees**

Nepal announced the release of 1,649 people detained for questioning about bomb blasts in June Page 12 which killed seven people.

Nato exercise Nato launches its biggest ever na-val exercise this week to test its ability to protect vital sea supply

#### lanes from North America to

Fighter decision Spanish Defence Minister Narcis Serra is expected to recommend joining the European fighter air-

craft project at a cabinet meeting tomorrow. Page 2 Socialist disunity

#### French Socialist Party's executive

committee failed to agree on a joint motion to be put before the party congress in October as the basis for an electico manifesto.

Chinese rights China is planning to grant resi-

# deoce rights to foreigners who invest in China.

floating in the gondola.

Balloon crashes A bolloon in which three Dutch pilots were trying to fly the Atlantic crashed in mid-ocean. Two of the balloonists were reported to be safe

# ternational consumer market Page 15

# Brazilian Finance Minister, central bank chief resign

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE five-month-old Government of was plunged into disarray yester-day following the shock resigna-tions of Sr Francisco Dornelles, the Finance Minister, and Sr Antonio Carlos Lemgraber, governor of the

The departure of the two key Brazilian officials dealing with the country's \$103bn external debt and International Monetary Fund (IMF) negotiations is likely to mark an-other setback on a road already strewn with obstacles. But it should, at least, lead to greater internal harmony within a govern-ment deeply divided from the outset over economic policy.

President Jose Sarney promptly restricted the resignation offered days ago as head of the Brazilian yesterday morning by Sr Dornelles Coffee Institute, and on Sr Dilson – nominally the head of his economic team – who had been visibly until BNDES, the state development happy for some time over the lack bank. of economy austerity being pursued by the new civilian Government and his own corresponding loss of

by Sr Lemgruber, in solidarity with the Finance Minister.

Brazilian President Jose Sarney Yugoslavia's main creditor banks were preparing yesterday to en-dorse a new formal offer to reschedule \$3.5bn in debt, falling due between now and the end of 1988, following a compromise between bank creditors on the price to be charged to Yugoslavia for its rescheduling which was agreed in principle in London earlier this month. Page 2.

> A successor to Sr Dornelles was night. Speculation in government circles centred on the names of Sr Karlos Rischbieter, a former Finance Minister who resigned 10

Sr Dornelles's resignation follows the abrupt disissal last Friday by President Sarney of Sr Seba Marcos Vital, the Finance Ministry There was no immediate confirmation, however, as to whether the sonal aide of the minister. That dispresident would also accept the missal, in turn, resulted from Sr Vimass resignation proffered by the tal's outspoken criticism of the pre-board of the central bank, headed vailing direction of Government vailing direction of Government economic policy.

The dissent within the Govern-

ment - setting the conservative, monetarist views of the Finance Ministry and central bank against the more socially orientated Plan-ning Ministry – has been brewing for months. In this struggle for the President's ear, the conservatives' fluence has been waning steadily.

Whoever takes over as Finance Minister will in future have to be march due to take place in Cape compatible with the Planning Min-ister and Luis Paulo Rosenberg (the President's chief economic aide)," cal violence present the Governone banker commented yesterday; to which a presidential aide added: "At least you know which inclina-tion you need because Joso Sayad (the Planning Minister) has definitely won."

The disputes, usually in public, have raged over everything from the emergency programme of eco-nomic assistance to Brazil's poor announced soon after the Government took office - a move supported by the Planning Ministry but opposed by Finance - to the need for "new money" loans from foreign bank creditors, a proposal advocated by Sr Sayad.

While Sr Dornelles and Sr Lemgruber were anxious to tie up the Continued on Page 12

Debt warning lights flash again,

# Rainbow bomb report clears French agents

BY DAVID HOUSEGO IN PARIS

telligence services were yesterday cleared of responsibility for the blowing up in New Zealand of the Greenpeace vessel, the Rainbow Mitterrand. But the report, prepared by M

The chart shows the two constraints Bernard Tricot, a former Secretary-General at the Elysee under General at the Elysee under General at the Elysee under General de Gaulle, confirmed that the French couple currently under arrest in New Zealand on charges registron of M Tricot. A French manner in the same apparently rectangular that the same with the same apparently rectangular that the same will be moving abead very quickly. French police authorities at the sugression of M Tricot. A French manner in the same will be moving abead very quickly. on European Monetary System ex-change rates. The upper grid, based on the weakest currency in the sys-tem, defines the cross rates from which no currency (except the lira)
may move more than 2% per cent.
The lower chart gives each currency's divergence from its "central
rate" against the European Currency Unit (ECU), itself a basket of European currencies. rest in New Zealand on charges re-lating to the sinking of the ship and the death of a Portuguese photographer on board are members of the French foreign intelligence services, the DGSE.

by before it was sunk by magnet men as Chief Petty Officer Roland mines. They are all members of the Verge, Petty Officer Andries and DGSE marine school in Corsica which provides training for com-

warrant

It revealed, for the first time, the identity of the three crew members of the Ouvea, the yacht berthed in favour of their considerations "weighed in favour of their continued on Page 12"

THE FRENCH Government and in- close to the Rainbow Warrior short- innocence." The report named the

Warrior, in an official report com-missioned by President François being sought by the New Zealand wash. Greenpeace was much more All three, who have apparently rector, said that "if it is a whitewash

gistrate released them, however, as mense relief in that it removes the French citizens cannot be extradit-ed. need for taking punitive action against either M Charles Hernu, M Tricot said in his report that al- the Minister of Defence, or against though the evidence that they had the foreign intelligence services. M

Continued on Page 12

# Black miners' strike looms in S. Africa

BY MICHAEL HOLMAN AND JIM JONES IN JOHANNESBURG

SOUTH AFRICA appeared to be said yesterday that a majority of its heading yesterday for a major strike by black miners on the country's gold and coal mines, while po-litical tension rose further with the arrest of the eldest son of Bishop

over the weekend.

The combination of a strike threat, the arrests, an illegal protest ment with its most testing period since the state of emergency was

imposed on July 20.

The arrest of Mr Trevor Tutu followed an incident in a Soweto magistrates court where hundreds of young black schoolchildren faced charges of illegally boycotting their classes. In the course of proceed-ings, Mr Tutu is said to have de-scribed the prosecution of the stu-dents as "a shame" and "a joke."

He was escorted out by a policeman with whom a further exchange took place. Mr Tutu was then arrested and subsequently detained for 14 days under the country's emergency regulations, his lawyer said last night.

Officials of the National Union of Mineworkers (NUM), which represents 150,000 of the country's 550,000 black gold and coal miners,

BY ALEXANDER NICOLL IN LONDON

change, based in Amsterdam, plans two innovative currency contracts that will heighten the intense

competition between exchange ca-

tering to the rapidly growing op-

£100,000 sterling/dollar option that

will be totally interchangeable with

one exchange may be sold the same

on the Montreal Exchange.

an identical contract already traded guilder.

### More spy suspects as scandal widens in Bonn

By Peter Bruce in Bonn

WEST GERMAN intelligence authorities were reported yesterday to have opened about a dozen more espionage investigations against government officials in Bonn. The report comes in the wake of the de-fection to East Germany last week of Herr Hans Joachim Tiedge, the country's most important spy hun-ter, and the arrest on Sunday of Frao Margarete Hoeke, a senior secretary in the Office of the Feder-

The national newspaper, Bild, which has been consistently accurate in its reporting in the past three weeks of what is clearly Bonn's most serious intelligence setback since the second world war, said in a release of an article due to appear today that most of the new investigations involved female secretaries, including one in the office of Chancellor Helmut Kohl.

the union, which is strongest on Anglo American mines. The compa-News of the report coincided yesny reported yesterday that police were investigating an explosion on its Western Holdings mine near terday with an unexpectedly ferocious attack oo the Government for its handling of the country's se-curity services - by the opposition The threatened strike could undo Social Democrats. The SPD has recent government moves to re-store confidence in the South Africalled for the resignation of Herr Friederich Zimmermann, the Intecan economy and heighten invesrior Minister tors' unease which even before the

Herr Kohl was briefed by Herr Zimmermann for the first time yesterday on the possible effects of the spy scandal, but government spo-kesmen said he planned to take no action against individuals until receiving a second report later this

The Government said yesterday it was still trying to get in touch with Herr Tiedge, the senior counter-intelligence executive in an effort to discover whether he had fled to East Berlin in a fit of worry over mounting debt problems at home or whether he had been a

long-term Communist agent.
The Government's chief spokes THE EUROPEAN Options Ex- also hope to make their £12,500 options interchangeable in the man, Herr Friedhelm Ost, refused to comment on the success of these efforts, saying only: "We remain in contact with East Germany." These scheduled for introduction in Octo-ber or November, will be the first ber or November, will be the first contacts are probably being made from any exchange to respond to demand from market participants.

Ministry of Finance, the EOE aims for cross-rate potions – however two for cross-rate options - beween two sisted in some well-publicised "spycies other than the dollar. It | swaps" between the two Germanys will be between sterling and the Officials in Bonn are clinging to

increasingly faint hopes that Herr Tiedge had only recently decided to defect. He has debts in Bonn of more than DM 100,000 (\$36,400) and currency option that is "fungible" - three years, offering banks and meaning that an option bought on companies far more flexibility than a serious drinking problem which was first put down to the death of his wife, Ute, in 1982. Police in Cologne, nevertheless, said yesterday they had reopened their dossier on her death in case she had died in suspicious circumstances.

Continued on Page 12

# Pickens in Mesa asset move

BY WILLIAM HALL IN NEW YORK

MR T. Boone Pickens, the Texas oil his target companies a profit windof Mesa Petroleum's oil and gas
man and corporate raider, is reorfall, Mesa's own share price has
properties would be transferred to a man and corporate ranger, is reor ind. Amesa's own share place has ganising his master company, Mesa been in the doldrums for several Petroleum, into a limited partner months.

Ship in a move which Wall Street Mr T. Boone Pickens, president analysts believe marks the end of Mesa Petroleum and a self-

PANTRY PRIDE, the Florida-based supermarket group, intends to sell "substantially all" of the assets of Revion, except for the company's beauty group; if it succeeds in its \$1.9bn bid for the group. Page 13 SINCLAIR RESEARCH, the UK computer company, reached agreement with its bankers and main trade creditors in a move to resolve

its financial crisis. Page 4 SUPERFOS, the Danish chemicals group, said that 1985 earnings will fall by about DKr 100m to DKr 175m (\$17.5m), as a result of a weak market for fertilisers produced by Royster, the U.S. fertiliser group acquired by Superfos last year.

BOUYGUES, France's largest con-struction group, and M Bernard Taple, the French businessman,

Mesa's role as an active corporate proclaimed champion of sharehold-

er rights, said yesterday that "the Mr Alan Edgar, an oil analyst current operating environment for with Dallas brokers Schneider, Beroil and gas companies demands net & Hickman, said: "This is the grand finale. This allows Boone Machine values for shareholders." MLP horse. gas reserves.

Ms shareholders will receive one publicly traded unit representing an interact to the transfer of the limited one participation are interacting to the transfer of the limited one participation and the limited one participation are interacting to the limited one participation and the limited one participation are interacting to the limited one participation and the limited one participa

senting an interest in the partners double taxation of income, first at ship for each Mesa share and the the company level and then at the partnership will make quarterly cash distributions of substantially from the partnership will not be cash distributions of substantiany to taxed at the corporate level and will unitholders mean that Mesa shareholders The Amarillo-based Mesa Petroleum, which ranks 48th in size in
the U.S. oil and gas industry, is best
known as the vehicle used by Mr

Pickens to mount daring corporate raids on giants of the U.S. oil industry such as Gulf Corporation, Philips Petroleum and Thouse. ity such as Guif Corporation, Philips Petroleum and Unocal.

Although Mr Pickens has been highly successful in forcing several oil companies to restructure themselves, and given shareholders in Under the plan, substantially all

properties would be transferred to a new limited partnership, Mesa Limited Partnership, and the new entity would assume certain indebtedness and obligations of Mesa Petroleum, On Wall Street, Mesa shares jumped by \$1% to \$16% in early trading yesterday.

Mr Pickens will be the general

partner of the partnership, but Wall Street analysis speculated that be would probably devote an increas-Fickens to go on to do things privately and places Mesa shareholders to the limited partnership will provide Mesa shareholders with a cient form. Mesa and Boone are going to ride off into the sunset on the MLP horse.

Street analysts speculated that he would probably devote an increasing amount of time to masterminding deals on his own rather than under the umbrella of Mesa Petroleum. They noted that many of Wall Street's corporate raiders, such as Street's corporate raiders, such as Mr Carl Icahn, Mr Irwin Jacobs and Mr Ivan Boesky, conducted their business through privately-held

Under the plan, Mesa intends to make the first of two distributions of units to stockholders in December after which both Mesa units and shares will trade indepen-dently. Mesa says that its 14.6m Unocal shares, which it acquired during its abortive takeover bid for the big West Coast oil company ear-lier this year, and certain other fi-nancial assets would be retained by the company and sold over a period of not less than a year.

Net proceeds would be used to buy newly issued units of Mesa Limited Partnership

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#### CONTENTS

International ...... 2 Companies ..... 13, 15 

Appointments	19
Warid Fixting	
Construction	10
C	10
Currencies Editorial comment	10
Editorial comment	

robonds
ro-options nancial Putures L Capital Markets
nameial Futures
Cenital Markets 13-
####
K
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dt Trusis
eiher
MINEL

UK spending: Treasury sets Commodities: computers and rules for survey ...... 4 cartels; scandals ...... 11 Management: how Japan Lombard: the real fear in the supports small business... 6 way of the EMS ....... 11 Editorial comment: British Lex: when trust is not banks; nuclear controls .. 10 enough ...... 12 International debt: warning Technology: cleaning up the lights flash again ...... 10 shampoo business ...... 17

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DEFENCE OFFICIALS FAVOUR PROJECT

# Spanish likely to join Euro-fighter

Spanish Defence Minister, is expected to recommend joining the European Fighter Aircraft project at a Cabinet meeting

A decision by Spain to take part with Britain, West Germany and Italy even if France stays outside the venture, has been widely anticipated. How-ever, while Spanish defence offcials appear to lean strongly towards participating on both military and industrial grounds, the issue hangs on a political

The Spanish Government, which along with France with-beld its signature from the other countries' agreement on the project in Turin four weeks

Rocard refuses

to sign party

unity motion

THE FRENCH Socialist Party gave a damaging display of their divisions over the weekend, when the party's executive committee failed to agree on a joint motion to be put before the party Congress in October as the basis for an election

M Michel Rocard, one of the most popular of the Socialist leaders and a self-declared candidate for the presidency, declined to put his name to a text intended to demonstrate

the unity of the party.

M Rocard had two main objections. He believes that if the party is to recover ground electorally, it must be seen to have forsaken its Marxist links and to have more explicitly embraced social democrat-style

policies.

He also believes that the party should make clear to its followers what strategy the

its followers what strategy the Socialists will adopt if the Right is victorious in March. He accuses the Socialist leadership of ambiguously fishing between joining a coalition that would support the President, M François Mitterrand, and moving into opposition.

opposition. M Rocard left open the possibility of presenting a separate list of candidates for the legislative elections March, if concessions to bis point of view were not made at the party congress.

#### **Poland** gets fresh loans from Austria

AUSTRIA HAS signed an agreement rescheduling Poland's debts and promising it new loans, according to the official Polish news agency PAP, Reuter reports from Warsaw. It is the first Western country to do so since martial law was imposed in Poland in December

estern diplomats are unc tain whether tha West will lend Poland the \$800m (£570m) it

wants this year.

Last week's accord signed in Vienna rescheduled payments of debts due from 1982 to 1984 and pledged \$40m in state-guaranteed credits to fund Polish imports from Austria.

Poland'a total foreign debt of about \$27bn is the legacy of beavy borrowing in the 1970s. Arrears built up on lt after Western governments broka contacts in protest at martial

The Paris Club of non-Communist creditor nations communist creditor nations signed an agreement last month rescheduling \$12bn. This paved the way for bilateral talks on repayment terms and new loans. Western diplomats expect other countries to decide whether to emulate Austria after the end of August when Poland is due to repay \$400m of debt owed from 19SL Talks are under way with various are under way with various

West Germany, Poland's largest Western trading partner, has indicated that it may extend credits of about DM 100m (£25.5m), diplomats say. But this is much less than Poland has requested.
Billions of dollars of debt due

to be paid in 1985 need rescheduling and the Paris Club will tackle this in September, according to the officials.

Inght have value appears derry years a sory. The idea that the agora Mr Mod bis re will do according to the officials.

the ago bas already stretched the France it would take a 13 per craft adapted to air combat at is exoriginal August 17 deadline for cent share, as against the both supersonic and sub-sonic ining a decision.

10 per cent foreseen in the speeds and to ground attack.

The political factors are, on original five-nation proposal.

M Charles Hernu, the French the one hand. Spain's desire to be associated with its future EEC partners in a large indus stands between the concept trial and defence venture, and on the other, its recent entente

with France, sealed during a visit to Paris in July by King Juan Carlos. Contacts between all the countries involved are understood to bave been maintained at the highest level. Mrs Mar-garet Thatcher is believed to bave sent a message to Sr Felipe Gonzalez, the Spanish Prime Minister, urging Spanish par-

agreed in Turin—a large, high-powered fighter designed principally for air superiority—and the French idea of a smaller cheaper fighter mainly for

ground attack. While prepared to go along with the Anglo-German-Italian version, Spanish defence offi-cials might have preferred an aircraft of reduced specifica-Gonzalez, the Spanish Prime tions for their own defence company Casa, but would Minister, urging Spanish parneeds. Spain, mainly concerned forgolng the European with its southern flank, is seen which the Government is If Spain joined without as requiring a multi-role air- ing in its defence policy.

Defence Minister, is believed to have raised the prospect of Spanish participation in a separate French project during a meeting with Sr Serra in

Majorca earlier this month. The third choice for Spain would be to buy more aircraft from the U.S. following its 1983 contract for F/A-18 Hor-

This course, like the others, would bring offsets for the Spanish state-owned airframe company Casa, but would mean forgoing the European accent which the Government is seek-

# Greek opposition faces split

BY ANDRIANA TERODIACONOU IN ATHENS.

president of the New Democracy (ND) party last Saturday, announcing that be would resubmit his candidacy in a vota for a leader by the 121-strong conservative parliamentary group on Thursday.

Mr Mitsotakis resigned after an open challenge by Mr Costis Stephanopoulos, ND parliamentary spokesman, to his decision to bold a party conference in the autumn, The stephanopoulos announced brewing in ND since June, when brewing in ND since June, when the Conservatives suffered their stand nor participate in Thursday in a leadership crisis has been brewing in ND since June, when the Conservatives suffered their second humiliating election defeat in a row at the hands of the Socialists.

ND first lost power to the Socialists in 1981. Mr Mitsotakis was elected the party's third leader in four years in whether Mr Mitsotakis will face any other rivals on Thursday.

rallying his forces yesterday to face a vote of confidence on Thursday, amid speculation of was seen as a tactical move to ontmanoeuvre Mr Stephano-

MR CONSTANTINE Mitsotakis, two men were rivals for the Some ND figures, such as Mr the boleaguered Greek Con- party leadership in September Ioannis Varvitsiotis, the party's servative opposition leader, was 1984 when Mr Mitsotakis won general secretary, were general secretary, were rumoured to be considering

running.
Mr Mitsotakis needs a
majority of 61 of ND's 121
deputies to carry Thursday's Mr Mitsotakis resigned as to muster enough party support vote. His resignation caught president of the New Democ for a successful second shot at party officials by surprise, but racy (ND) party last Saturday, the leadership.

Ar Stephanopoulos announced brewing in ND since June, when

# Dutch to trim budget deficit

income (NNI). However, Mr Ruud Labbers, the Prime Minister, sought to emphasise that the purchasing power of all income groups except for the lowest would climb next year because of smaller social-security prem-iums and falling inflation.

the proposed budget, since the Cabinet decided not to lower income taxes, as might have been expected in an election ment policies of the governing

agreed to trim the government fashioned late last week and budget deficit only slightly next Mr H. Onno Ruding, the year, when general elections Finance Minister, now will add will be beld, with the 1986 the finishing touches for pre-budget gap falling fractionally sentation to parliament on below 5 per cent of net national September 17.

The will be finished late last week and before the May 1986 elections—that their "painful" sacrifices of the past were worth while and that brighter days are ahead.

While official consumer spending has grown only streamed (NIM). Government apparently will fall to reach the goal stated in its 1982 accord of shrinking the

budget deficit to 71 per cent of NNI by 1986, but few observers are surprised. Mr Lubbers and other ministers argue that the Dutch have Mr Lubbers is at special absorbed about as much pains to cast a good light on austerity as they can handle.

Democrat-Liberal The preliminary outlines of coalition. The Cabinet clearly

THE DUTCH Cabinet has the 1986 fiscal blneprint were wants to convince voters-agreed to trim the government fashioned late last week and before the May 1986 elections-The ruling Centre-Right aluggishly, shops remain chock full of the latest consume goods and streets crowded with

new cars while foreign vacations are still common. The lavish Dutch aocial security system is believed to account for the apparent dis-crepancy but further big benefit cuts are felt to be politically

Thus, civil-servant wages and social-security benefits will be frozen at current levels while unemployment compensation actually will be somewhat

## **New Shekel will simplify** life for Israeli consumers

BY WALTER ELLIS IN TEL AVIV

ISRAEL'S ALREADY hard Mr Yitzhak Moda'i, tha pressed consumers and busi- Israeli Finance Minister, and nessmen face a new ordeal next Dr Moshe Mandelbaum, goverweek with the introduction of nor of the central bank, have the New Shekel into what long been aware of the need remains of the cash society.

pump operators.

The inflation rate — now run-

pump operators.

The inflation rate — now running at around 400 per cent a year — has meant that partering has re-emerged in some sectors in place of fiscal exchange only station attendants have bed to added to the care achange only station attendants have had to added to the sense of urgency. paste squares of cardboard to the right of their digital readouts bearing the extra zeroes essential to their survival in the

In a country where even the poor are millionaires, the suggestion that a single old shekel might have value appears derisory. The idea that the agora (100th of a shekel) could posably relate to real-life expenditure seems positively abound.

Muwanga.

Diplomats said the prospects for success in the talks, which brought together a government delegation headed by Mr Wilson Toko, Defence Minister and vice-chairman of Uganda's ruling military council and Mr. to restore faith in the Sbekel. From September 4, one New Shekel will equal 1:000 old shekels) has shekels, thus removing three noughts from daily calculation and, incidentally, bringing lm-mediate relief to Israel's petrol

The fact that the dollar (worth some 1,500 old shekels) has become a de facto alternative currency, much valued and actively traded on a flourishing black market in some sectors. The fact that the dollar (worth some 1,500 old shekels) has black market in some sectors,

Gradual switch

outs bearing the extra zeroes essential to their survival in the business.

Banks will also beave sighs of relief, for not only will the Israeli currency once again appear to be kept within reasonable bounds, but there will be space enough on a cheque to complete the written details of a payment.

In a country where even the

#### Ugandan leaders meet with main guerrilla group

By Our Foreign Staff UGANDA'S military rulers and the leading guerrilla group, the National Resistance Army, met in Nairobi yesterday for peace talks following the sacking on Sunday of the country's Prime Minister, Mr Paolo

ing military council, and Mr Yoweri Museveni, the leader of the NRA, bad been improved by the replacement of Mr

Mnwanga.
The NRA is known to have opposed the appointment of Mr Muwanga, who has served in every administration since in-dependence and was tha deputy of ousted President Milton Obote.

As Defence Minister under Dr Obote be is regarded as sharing responsibility for atrocities committed by the Uganda Army against civilians during Dr Obote's rule.

Former Finance Minister Mr Abraham Waligo was sworn in yesterday as the new Prime

yesterday as the new France Minister.

The NRA, which does not recognise the military administration of Lt-Col Tito Okello which took power in a July 27 coup, has recently extended its bold over western Uganda

#### Australia 'does not need help from IMF'

By Michael Thompson-Noel In

Mr Paul Keating, the Australian Treasurer (finance minister), yesterday dismissed a suggestion that Australia might have to turn to the International Monetary Fund for belp because of bal-looning external debt. Yet he conceded that Ausstralia might "end up in trouble" if it failed to re-

Mr Keating was respon to remarks by Prof Fred Gruen, head of the Centre for Economic Policy Research at the Australian National University, Canberra, and prominent adviser to the Hawke and Whitlam Labor govern-

vitalise its trading perform-

and Whitlam Labor goveroments.

Prof Gruen had expressed
concern at budget figures
published last week showing
that Australia's net external
debt—public and private debt
less official reserves and Australian lending abroad—grew
from A\$7.3hn at June, 1980.
to A\$52bn (£25bn) at June,
1983.

As a result Australia's ex-

Australia's terms of trade and the poor prospects for world trade, "prindence demands that we reduce money wage

growth.

Otherwise the longer term danger of continuing devalua-tion—and perhaps ultimately some IMF supervision of our affairs—is by no means un-thinkable."

The Government and the trades unions are on a possible collision course over whether the inflationary effects of this year's depreciation of the local dollar should be excluded from the next national wage increase, under the terms of the current pay accord. There will be a wages bearing next month.

The Government admitted last week: "Only in the longer term, as depreciation increases net exports of goods and services, will the current account deficit narrow, net capital inflows decline, and the build-up of external debt moderate."

# Wellington hints at N-ship move New Zealand binted yester-day that it would make new proposals to the U.S. to break a six-month deadlock over Wellington's ban on nuclear-capable warships, Reuter re-

ports.
This is the second time in less than a week that Mr David Lange, New Zealand might be found to repair re-lations between the ANZUS defence pact allies.

Greenpeace pledge A former Danish Foreign Minister, Mr Kjeld Olesen, plans to join a Greenpeace ship in the Pacific next month when it salis into French-controlled waters to protest against France's nuclear test programme, he said yesterday. Hilary Barnes reports from Copenhagen.

Chinese residence China is planning to grant residence rights to foreigners who invest in China, the New China News Agency reported yesterday, Reuter

reports from Peking.

The official agency said n law on the entry, exit and residence of foreigners in China was submitted to the standing committee of the National People's Congress

Danish trade deficit Denmark has reported a pre-liminary trade deficit for July of DKr 1.4bn (£160m) com-pared with DKr 642m last year, taking the deficit for the year so far to DKr 7.5bn compared with DKr 6.3bn last year. Hillary Barnes reports year, Hilary Barnes reports from Copenhagen. The first

# Banks set to back revised Yugoslavian rescheduling

banks were yesterday preparing to endorse a new formal a number of creditors balked offer to reschedule \$3.5hn at an original proposal to (£2.5hn) in debt, falling due between now and the end of 1988. compromise between bank cre-ditors on the price to be scheduling. charged to Yugoslavia for its re-

It was due to be confirmed has therefore, had to come up the new proposal. last night in time for the interwith another scheme "which Persuading all national Monetary Fund to com- will give Yugoslavia similar piete on schedule payment of economic benefits." plete on schedule payment of a Special Drawing Rights 80m (£59m) instalment dué yester-day on its SDR 300m loan facil-

ity for Yugoslavia. But as a measure of the controversy surrounding Yugo-siavia's protracted debt renegotiation, the new offer contained the concession the banks had previously refused—the downward revision of pricing a \$263m premature repayment charged on rescheduling already of part of a \$600m credit

YUGOSLAVIA's main creditor agreed for 1983 and 1984. This became necessary after

scheduling which was agreed in agreement, the committee of principle in negotiations in London earlier this month, agreement, the committee of main creditor-banks, chaired by Manufacturers Hanover.

This involves an interest margin of 11 per cent but creditor banks will now have creditor banks will now have to give the higher charge back to Yugoslavia in the form of an equivalent lowering of interest on the 1983-84 reschedulings.

granted earlier by creditor-

Senior bankers said yesterday that Yugoslavia's debt renego-tiation, which has already been one of the most contentious The new offer represents a compromise between bank creditors on the price to be harged to Yugoslavia for its resheduling which was agreed in rinciple in respirations in London.

I margin of just 1 per cent over the most contentions one of the most contentions one of the most contentions this year, was still fraught with this year, was still fraught with potential problems. This was even though both Mr Vlado Kiemencic, Finance Minister, and Mr Cvitan Dujmovic, chief agreement, the committee of and Mr Cvitan Dujmovic, chief debt negotiator, have indicated informally that they will accept

Persuading all the country's creditor-banks, which number more than 430, to agree to the reduction in margins on earlier reschedulings promises to be a difficult task.

Though some Latin American agreements have been revised in this way, most recently in the case of Chile, many creditors regard such a step as confirmation of a precedent which runs against basic banking principles.

#### Gandhi calls Tamil leaders to New Delhi for talks

BY ALAIN CASS, IN COLOMBO

INDIA IS launching a new initiative to try to revive the Sri Lankan peace talks in a last effort to prevent the island from sliding into widespread civil

Lesders of the major Tamil Lesders of the major Tamil guerrilla groups have been summoned to New Delhi for talks today with senior Indian officials in a bld to restart the talks which collapsed last week in Thimpu, capital of the Himalayan kingdom of Bhutan. Mr Hector Jayewardens, brother of the Sri Lankan President and leader of the Colombo delegation at the Thimpu talks, has been asked to stay on in New Delhi in a bld to get the talks restarted.

bld to get the talks restarted.

The talks broke down because of the wide gap between the two aides and the

worsening security situation in the country.

The Tamil groups are demanding substantial devolution of power for their heartlands

in the north and east of Sri Lanka. The Government has so far only offered to set up district councils in those areas with limited powers. There are real fears both in New Delhi and Colombo that unless both sides can be persuaded to go on talking a major new round of violence is inevitable.

Since the collapse of last week's talks India has been faced with two options — either to distance itself from the conflict or get more deeply in Indian officials say the only volved in the negotiating basis for renewed negotiations process with all the attendam is for Sri Lanka to offer to set

SECURITY FORCES killed 10 Tamil separatist guerrillas in a jungle battle in eastern Sri Lanka yesterday and lu the north rebels held up a train, the Defence Ministry said, Reuter reports from Colombo.

Tamils in the northern towns of Jaffna, Kilinochchi and Vavuniya, meanwhile, protested against the expulsion of three guerrilla leaders from India.

A Defence Ministry spokes-

man said the 10 guerrillas were killed in a clash when troops were searching tha jungles of the Eastern Province's Ampara district.

measures to bring the sides to-gether. Mr Railv Gandhi, the Indian Prime Minister ordered the expulsion from the south Indian state of Tamil Nadu at the weekend of three top guerrilla group leaders as a means of putting pressure on the remaining militants to get means of putting pressure on the remaining militants to get back to the negotiating table.

Mr Gandhi also beld talks with Mr A. Amirthalingam, Secretary General of the Tamil United Liberation Front, the main Tamil political party.

At the same time the Indian Government has made it clear to Sri Lanks, that further con-

to Sri Lanka that further con-cessions to the Tamils will have to be forthcoming if a com-promise is to be reached. isks. up provincial councils in the It seems clear that India has Tamil areas with meaningful

### decided to adopt the latter powers. Zia faces dilemma over

mourners' visits to Bhutto BY JOHN ELLIOTT IN ISLAMABAD

SEVERAL thousand mourners, revenge for ber father, the including delegations of political and trade mon leaders, bave visited Miss Benazir Bhutto, leader of Pakistan's banned People's Party (PPP) during the last five days in the southern province of Sind. She returned to Pakistan from exile last many fear the Boutto last many fear the Boutto family because of the approximate the service of the service o last week with the body of her brother, Shahnawaz, 27, who died in France. The mourners' visits pose a

the UK 18 months ago.

It is not known bow long President Zia will allow Miss Bhutto to meet people. It seems likely that he has not decided but is waiting to judge the responce to her presence in the country.

Many people are concerned that Miss Bhutto's main political.

family because of the atrocities of the late Prime Minister's

or the late Frine Ministers regime.
Speaking from Larkana yesterday Miss Bhutto said: "We should know in a week's time The mourners' visits pose a political dilemma for the military regime of President Zia ul-Haq which will sharpen when Miss Boutto leaves ber home tity of Larkana today.

She plans to travel to the Bhutto home in Karachi, where she was heid under house arrest for nearly three years until she left for medical treatment in the UK 18 nonths ago.

It is not known how long

leave the country in about a month to visit her ill mother in Paris. How long she stayed away would depend on the way she was treated in Pakistan. The formal period of mourning for her brother ended on Sunday, 40 days after his death responce to her presence in the but Miss Bhutto will continue to receive people offering continue.

Many people are concerned delences for up to 40 days after that Miss Bhutto's main politihis burial last week, thus being cal motivation is to wreak able to hold political discussions

#### **Violence** continues in Punjab

By K. K. Sharma in New Delhi TWO HINDUS were shot dead by Sikh terrorists in the Punjab holy city of Amritsar vesterday, despile the election

of a moderate to succeed the assassinated president of the Sikhs' Akali Dai Party, Sant Harchand Singh Longowal last Sant Longowal's successor is Mr Surjit Singh Barnala, who was elected ioterim president of the Akali Dai at a meeting on Sunday when the party's leaders also ratified the settlement for the troubled Indian state signed on July 24 by Prime Minister Rajiv Gandbi and Sant

Longowal.

This gives fresh hope that the settlement will survive the assassination of its architect.

Mr Barnala was one of two moderat leaders of the party wbo helped Sant Longowal in discussions with Mr Gandhi before the settlement was signed.

However, opposition to the accord continues. Eveo within the Akali Dal the settlement was criticised by two senior leaders, former, Punjab, chief minister Prakash Singh Badal and Sikh temple committee president Gurcharan Singh Tohra,

Both were absent from a Press conference where the results of the election of the new interim president and the ratification of the settlement were announced. They had given the accord their qualified support only a few bours before Cant Longowal was assassinated after openly attacking its terms.

#### Marcos remain undecided about 🤔 early election

By Samuel Senoren in Manila

PRESIDENT Ferdinand Marcos remains undecided on whether to resign and call a snap Philippines election or complete his term through 1987.

Mr Marcos met with leaders of his ruling New Society Movement in a marathon caucus at the presidential pales at the the presidential palace at the weekend to take up the election issue. He said he would decide on the matter this

But party leaders told Mr Marcos that a survey among village units of the party showed "overwhelming reshowed "overwhelming re-jection of a snap election. Opposition leaders believe the ruling party was paving the way for Mr Marcos' decision to forego a snap election. They claimed Mr Marcos feared losing in an unscheduled election.

month.

losing in an unscheduled election.

The 67-year-old leader who has ruled for 20 years, had floated the idea of resignation and seeking a fresh mandate in the wake of the aborted attempt two weeks ago by opposition members of the parliament to impeach him.

Members of Mr. Marcos's party in the parliament threw out the impeachment resolution hours after it was filed.

Opposition leaders said, how-

Opposition leaders said, however, they would revive the impeachment proceedings when the parliament resumes.

#### Hanoi reaffirms plan to quit Kampuchea by 1990 BY KIERAN COOKE IN JAKARTA

VIETNAM has reaffirmed that Kampuchea question and a lt will withdraw all its forces possible withdrawal of Vietfrom Kampuchea by 1990, even if those belonging to Khmer Mr Thach said this could only take place before 1990 if the Khmer Rugge were first

Vietnam's Foreign Minister,

The army of the Hanoi-backed Heng Samrin regime in Renter adds from Bangkok: Phnom Penh was getting The U.S. ambassador to the stronger, and the forces fight-united Nations. Mr. Vernon ing the Vietnamese were Walters, said yesterday that demoralised, bad no more Vietnam must offer something bases, and were surrendering "more substantial than words"

He had had discussions in Jakarta with his Indonesian Vletnam would be willing to counterpart. Dr Mochtar, about withdraw its troops from Kam-a negotizted settlement to tha puchea,

the Khmer Rouge were first liquidated.

Mr Nguyen Co Thach, said at the end of a five-day visit to Mr Thach said he had not the end of a five-day visit to planned to meet a U.S. delega-indonesia that Vietnam was tion led by the Assistant Secre-optimistic about Kampuchea's tary of State, Mr Paul Wolfo-future. bases, and were surrendering in ever greater numbers, Mr before Washington would normalise relations with Hanoi. Mr Waiters also doubted if

#### Afghanistan and Pakistan to resume talks

AFGHANISTAN and Pakistan resume talks today aimed at ending a six-year war by Moslem guerrillas against the Afghan Government and withdrawal of about 115,000 Soviet Union troops which back it, Reuter reports from Geneva. Diplomats expect little progress from this fifth round of proximity talks " sponsored by the United Nations and attended by foreign ministers Sahabzada Yaqub Khan of Pakistan and Mr Shah Moham mad Dost of Afghanistan The talks, begun in June 1982, are also aimed at the

return of ebout 4.5m Afghan refugees from Pakistan and Afghanistan wants international guarantees of noninterference, meaning that the U.S. and Pakistan should stop supporting the guerrillas.

#### NON-PROLIFERATION TREATY SIGNATORIES MEET Conference clash likely over arms control

today. France and China are also race at an early date and to nuclear weapon powers, but nuclear disarmament, and on are not signatories of the 1970 a treaty on general and com-Nuclear Non-proliferation plete disarmament under strict Treaty (NPT), the workings of and effective international which are being examined by control." its 130 adherents at their Third Review Conference since the treaty was signed.

by them. Under the Treaty, the

Weapons

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN GENEVA THE U.S., the Soviet Union and accepted not to manufacture or greater satisfaction with the big Britain are expected to be acquire nuclear arms and to nuclear nations' attempts to severely criticised for their submit to a system of intercontrol the nuclear arms race.

Althorough The U.S. accepted not to manufacture or greater satisfaction with the big nuclear nations' attempts to severely criticised for their submit to a system of intercontrol the nuclear arms race.

Negotiations between the U.S.

nuclear arms control, during a month-long conference on preventing nuclear weapons proliferation, which opens hera measures relating to that measures relating to the cessation of the nuclear arms

final declaration after the signatories are likely to see this Second Review Conference in as a substantial step towards the Soviet Union and Britain Secon in 1970, has not been benoured 1980. Five years later those counaty, the Five years later those coun- In many ways, the NPT can states tries have little cause for any be considered successful.

and the Soviet Union on nuclear arms control which are due to resume in Geneva next mouth are still deadlocked. Moreover, the Partial Test Ban Treaty of 1963 outlawing nuclear tests in the atmosphere, sea and space, has still not been followed by a Comprehensive Test Ban Treaty. The Soviet Union has prob-

It was the non-nuclear with the non-nuclear weapon states' disappointment nations by its unilateral dewith the implementation of this cision to suspend all nuclear article of the Treaty which tests from August 6 to the The non-nuclear weapon article of the Treaty which tests from Angust 6 to the countries feel that the original prevented the adoption of a end of this year, but few NPT bargain struck with the U.S., final declaration after the signatories are likely to see the structure of the prevented that the original prevented the adoption of a end of this year, but few NPT bargain struck with the U.S., nuclear disarmament.

None of the signatories of tha it or is known to have developed nuclear weapons. In the 1980s, when there were five nnclear powers, it was feared that by the 1980s this number would be 20, but the number

remains the same.
There are, however, reasons for disquiet, stemming from the refusal of six so-called "near-nuclear" countries — Argen-tina, Brazil, India, Pakistan, Israel and South Africa — to sign the Treaty.

U.S. grain mission U.S. Agriculture Secretary
John Block, trying to improve
the strained superpower
climate, had a busy round of
talks with Soviet officials
yesterday focusing on Soviet
purchases of American grain,
Rauter reports from Moscow. Reuter reports from Moscow.

# FINANCIAL TIMES

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Yorkshire.

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# R-R could lose \$40m Malaysia air-engine order

turers, is in danger of losing and an important order from Malay- cent. sia Airline System (MAS), the Malaysian flag-carrier, to Pratt & Whitney, one of its main

A decision against Rolls-Royce on the \$40m (£28.5m) engina deal, which is for a Boeing 747-300 jet due to be delivered in June next year, would be contrary to the terms of an order placed by MAS two months ago,

But the Malaysian Cabinet un-expectedly refused to ratify the contract, and as a result much

weekly flight to London.
But because the airline has rights for daily flights into the U.S. and has applied for daily U.S. and has applied for daily services to Britein — which means further aircraft will be needed — the Malaysian Gov-ernment has ordered a review of MAS's whole purchasing strategy, by the Treasury, beaded by Mr Daim Zainnddin,

Finance Minister. For Rolls-Royce, a lost order could further reduce its standing as a world supplier for Boeing 747 engines.

The company is said to have about 6 per cent of the world Details of the fifth flight were market — only half a dozen air- finally sealed three weeks ago.

USA

U.K.

France

Italy

W. Germany

World Economic Indicators

UNEMPLOYMENT

3,179 13.1

May '85 2,192.6 8.1 2,282.6 9.9

2,885.5 12.8

737.0 13.1 528.5 12.8

July '85 6,451 7.3

3,235 13,4

June '85 2,168.4 8.0

2,223.2

2,854.7 12.4

737.9

505.\$ 12.3

ROLLS-ROYCE of the UK, the lines use its engines on their smallest of the world's "big 747s—whereas Pratt & Whitney three" aircraft engine manufachas an estimated 76 per cent, and General Electric 20 per

MAS currently uses Rolls-Royce engines on its two exist-ing Boeing 747-200 aircraft, and General Electric engines on its A-300 Airbuses and McDonnell-

Douglas DC-10s. The airline originally committed itself to a total of four 747 engine purchases from Rolls-Royce but is thought to have been relieved of its obligation over the fourth. Final decision on the third purchase is imminent.

is imminent. General Electric is thought with a long-valued customer is at stake.

MAS needs the aircraft for two new weekly flights to the favour of a third engine-type.

U.S. West Coast and for a fifth from Pratt and Whitney, would stretch a small airline like

Rolls-Royce has meanwhile been allowed to re-bid for both this and future engine orders on the assumption that more aircraft will be bought.

Responsibility for Malaysia's decision now lies with the Finance Minister. An order from Pratt and Whitney is bound to disappoint those in Whitehall who boped the concession made to MAS on the Sth. ITM dieth would help fifth UK flight would help secure engine orders for Rolls-

3,241

April '85 2,304.6 8.6

2,338.3 10.1 2,932.6 13.0

# Row brews over Intelsat expansion plans

INTELSAT, the multinational telecommunicationa co-opera tive, will next month consider controversial proposals to expand domestic service opera-

Under consideration is tha sale of unused transponders which receive and transmit satellite signals and the extension of non-cancellable or nonpre-emptible leases to ind vidual member-governments.

Intelsat, the primary function of which is to provide international telecommunications services, provide domestic services only on a pre-emptible basis through 38 leases to 27 countries.

albeit a slim one—of being ex-empted from the effects of the

empted from the enects of the controversial and portectionist Jenkins Bill which if passed into law in the U.S. would force Asian textile and garment manufacturers to cut exports to the

U.S. to 1983 levels.
Senator Robert Dole, the Re-

publican majority leader of the U.S. Senate, provided a glimmer

of hope when he said in Hong Kong at the weekend that the Territory's open market policy justified it receiving "special consideration" when the Jen-kins Bill goes before Senate

kins Bill goes Later this autumn.
Senator Dole, heading a congressional

The new proposals come at a Satellite, which plans to launch totive to Intelsat, be instructed time when the co-operative is fighting the Reagan Administra-tion's insistence on private competition in international tele-

Officials are particularly worried about competition along the Incrasive Atlantic ocean route, which they fear will cut deeply into profits and raise the cost of services to Third World countries.

considering a proposal to declare 160 transponders on aatellites in every ocean region as " surplus capacity."

mission, was on his wey to Peking after visits to Japan,

Korea and Taiwan explaining the background to protectionist pressures in the U.S., and call-ing for a lowering of tariff

walls in these Asian economies.

The Jenkins Bill. drafted by

Mr Ed Jenkins, a Georgia demo-crat, has been fiercely criti-cised by Garment—exporting countries in Asia.

If implemented, it would have

a serious impact on several economies, prominently China,

where textile and garment ex-

ports would be cut by 65 per cent and Indonesia, which

would suffer an 85 per cent cut. Hong Kong bas suffered a

a competitive satellite next year, to oppose all dours for service intelest officials are planning proposals—or at least, defer to charge \$3m (£2m) for each them until they can be analysed. transponder, a price he des-cribes as "dumping." Pan American will offer inter-

national business services be-tween the U.S. and Latin tween the U.S. and Latin America. It has also planned to increase its business by offering domestic services. Mr Landman claims that Intelsat's move is designed to keep private competition out of the market. Pan American's attorneya beve writting to the U.S. State and Gommerce Departments and the Federal Gommunications Commission (FCC; to demand that Comsat, the U.S. represen-

Intersat should be required to

provida cost data justifying the proposed rates of all leases and aalea according to FCC pricing rules, the actorneys said. . In their letters, the attorneys accuse Intelest of having chronically over-invested in space segment facilities."

"It is important to note that

while the director-general wishes to declare certain capacity 'surplus' there is no concomitant plan to delay or postpone any of the Intelsat Va awalting launch—nor any plan to delay procurement and

series," they say.

A spokesman for Intelsat said procurement decisions for the Intelsat V and VI satellites were made years ago. Some of the newer satellites have extra modifications more applicable to the new business services which Intelsat bas introduced

during the past year.

He pointed out that as long ago as 1982, member-governments formally concluded, concerning domestic service that "...emphasis needs to be given to approaches by which those services can be provided on a planned, non-pre-emptible basis, integrated into the framework

# vehicle part export'

JAPAN'S motor industry was rapidly building up exports of automotive components. Dr Carl Hahn, chairman of Volkswagen, the West German group, said yesterday.

Japanese

'stepping up

He gave a warning to the Japanese that, while their achievement was impressive, they should realise the world automotive system would only continue to work successfully if trade were a two-way proposi-

"It will not work for ever if trade flows in only one direc-tion. Continuous growth in a one-way flow could create an imbalance to the detriment of other automotive nations and finally to Japan itself." Dr Hahn, making the keynote

speech at the Automotive News world congress in Detroit, said that not much attention was paid publicly to Japanese pro-duction of commercial vehicles. Yet, in the first aix months of 1985, as well as selling 1m cars in the U.S., the Japaneae had also sold 400.000 small pick-up trucks primarily used as passen-

Only 14 per cent of the pick-ups were made in the U.S.—at Nissan'a factory in Tennessee. The marketing organisation was now being put into place to brine medium-sized trucks to the U.S. from Japan.

Dr Hahn suggested that little was heerd of Japan's trade in veblcle kits and components. The role of the Japanese manufacturers as component sup-pliers was enormous—and was

growing very quickly

"These silent elements of the
Japanese industry . . . should
be of extreme interest to competitors. What today are hundreds of thousands will, If the current trend continues, he millions in the foreseeable millions in future.`

Dr Hahn said later VW could only estimete the volume of components the Japanese were supplying to western companies. VW-Audi intends to produce and sell 2.4m vehicles worldwide In 1985, said Dr Hahn, up nearly 12 per cent from last year's

 Mr Noel Phillips, chairman of VW of North America, said his company expected to sell carrier sales have been con-300,000 cars in the U.S. in 198 spicuous by their absence, and the outlook is seen as depressincluding 70,000-90,000 Audi models. Last year, VW-Audi sold 249,000 cars in the U.S.

The board is reported to be

According to Mr Fred Land-man, president of Pan American that Comsat, the U.S. represen-

Dole hints at textile exemption for HK

Local knitwear manufacturers claim the changes will cost them HK\$ 3bn (£272m) a year in lost orders. The Jenkins Bill will further aggrivate the sector's

Hong Kong officials in New York have been lobbying hard in the U.S. against the bill— attacking both its logic, and the fact that it exempts Ganadian and European exporters.

August last year.

Senator Dole aaid at the weekend that the Jenkins Bill would be "without exceptions

serious blow to its textile and or exemptions." He admitted garment industry as a result of U.S. "country or origin" laws, introduced unilaterally in EEG from the effects of the EEG from the effects of the Bill, but said he would expect an amendment making it equally applicable to all

> He added that Hong Kong might win exemption because it practised free trade. While the U.S. bad a trade deficit with Hong Kong in 1984 of \$5.6bn (£4bn) be noted that Hong Kong bought 3.5 times as much from the U.S. per capita as Talwan, Korea or Japan

Sen. Dole then travelled on to Peking where he expects to meet a wide range of Chinese

# China set to boost woollen clothes output

BY ROBERT THOMSON IN PEKING

following the algning of an agreement in Peking between the Chinese Government and the International Wool Secre-

June '84 2,112.6 tariat (IWS). China is to be provided with market research information and given assistance in improving the finished product. Both
these areas are in need of
development, according to Dr
with the Ministry of Textile John McPhee, managing direc-tor of the IWS, after the

signing.
"The level of design and ay 84 finish expertise has been quite which would supplement the soon from the technical point work being done by IWS and of view, the quality of products lead to higher sales of is very good. But there has Australia's wool.

THE PROSPECT of a big been very little market work increase in output of woollen done," he said. clothes in China has emerged. The IWS intention is to help following the algning of an China make its wool products more marketable overseas. It that policy is successful, and Chinese exports rise, the Secretariat expects China will buy more Australian and New Zealand wool.

> It is expected the two coun-tries will sign another woolindustry co-operation agreement

export expertise and technology industries eventually being out-performed by Chinese industries, Dr McPhee thinks Austra-lia and New Zealand have nothing to lose in helping im-prove the Chinese wool indus-

"Australia and New Zealand supply ebont 80 per cent of the world's wool. It is better for which is what this agreement will bring about. It is bad for wool's reputation to have poor quality products made."

Mr Dawking about the world market, cial year, up from A\$80.9m in the preceding financial year.

Sustained growth of Australian exports to China has also meant a grant of the last financial year.

"The development of the trade

Unlike many Japanese indus- relationship with China to be my single most important job," began talks in Peking yesterday with Chinese officials.
Wool is expected to be the highlight of Mr Dawkins' visit, and be will also have talks with the Ministry of Metallurgical Industry, which could lead to

a non-ferrous metals agreement The wool trade has grown substantially in the past year, with Australian exports worth A\$132.6m (£68m) in the 11 months to May of the last finan-

meant a growing problem with Mr Dawkins, who considers a befty surplus of trade in Aus-

#### SHIPPING REPORT Tanker market starts to feel more hopeful

By Our Shipping Correspon VERY CAUTIOUSLY. tanker market is starting to feel more optimistic about charter rates. Though levels were little improved over the week, in-quiries from most loading areas oave been picking up.

In view of the rates seen recently— described as "des-perate" by one broker—it is enough that for the second week running the fell seems to hava been arrested. The Middle Eest Gulf market

bas seen sbortagea of better-class tennage, and the number of fixtures has been on the increase. Mediterranean busine is reported to be considerably more active and trade out of West Africa is described as maintaining its momentum The troubles at Sanko Steam-

ship the Japanese shipping group, are still a talking-point, but although a few vessels have been errested in the U.S. and South Africa, it would appear that Sanko tonnage continues to Indeed, one broker apeculates that in e couple of years

may be able to look back and see that the Sanko case signalled the bottom—If not the end—of the slump," Inevitably, though, Sanka is throwing a shadow over sale prices. Uncertainty over what will happen to the Sanko tonnage has meant that bulk-

The Same of the Sa

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# BR boosted by low response to strike call

BY DAVID BRINDLE, LABOUR STAFF

A POOR RESPONSE to call for a 24-hour strike in s key area of British Rail's Eastern Region yesterday boosted BR's hopes that most railway workers would not support a national dispute over its plans for driver-only train operation, dispen-

The 11,000 guards were balloted by their union, the National Union of Railwaymen (NUR), on Friday over taking industrial action, in-cluding strikes. The result will be announced tomorrow.

Only one in three drivers and guards took strike action yesterday in the Doncaster area in the north of England. BR said it was able to run more than 80 per cent of Inter-City services on the East Coast main line to York and Edinburgh, as well as more than 50 per cent of local services.

BR, having earlier feared paralysis of the East Coast line, said last night. "We are heartened by the response of our train crews. We see this as evidence that many of our staff do not want to fight the (British Railways) Board, nor do they want to inconvenience the travell-

ing public."

The boost came at an important time for BR. The NUR ballot is excted to show a majority of guards

in favour of industrial action. A majority of the union's executive committee is behind a policy of step-by-step escalation of the dis-pute, rather than an immediate all-printworks in Manchester. out strike, and is likely to opt for sanctions and "guerrilla" stoppages of the kind planned in Doncaster

Union officials maintained they were not downhearted at response to the strike, called in support of 37 guards dismissed at nearby Immingham, Humberside. Many rail staff, it was said, were "keeping their powder dry" in anticipation of official action.

Mr Bill Collins, NUR branch secretary at Immingham, said the request to the Doncaster area had been for support, not specifically for

• The two sides in the dispute which has led to suspension of pu-blication of Mirror Group Newspa-per titles - including the national daily, The Mirror - seem ready to resume talks this week. About 4,500 employees have been suspended without pay since last Thursday.

Mr Robert Maxwell, MGN's poblisher, was said yesterday to be of-fering talks to the National Graphical Association (NGA), the craft print union, without preconditions. Mr Tony Dubbins, the NGA's general secretary, said he would "most certainly" accept such an invitation.

Pressure on the print union grew terday with an announcement by Mr Maxwell that the British wspaper Printing Corporation (BNPC), a subsidiary of British Printing and Communication Corporation, of which he is chairman. had completed negotiations for pur-

The printworks is used by MGN for printing northern editions of the Mirror and Sunday Mirror newspa-

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# Sinclair and banks reach agreement

By Jason Crisp

SINCLEAR Research, the troubled home-computer company, said las-night that it now had "a good base" to tackle the important Christmas selling season after reaching an ement with its bankers, Barclays and Citibank, and its major suppliers Thorn EMI, Timex and AB Electronics.

Details of the package were not disclosed but there is to be no change in the ownership of the company. Sir Clive Sinclair, the founder, remains both chairman and the largest shareholder with 83 per cent of the equity.

The company's problems accelerated a fortnight ago when Mr Robert Maxwell, publisher of Mirror Group Newspapers, called off a £12m rescue bid. The company had been in financial difficulties since the start of the year and had to postpone payments to its main creditors.
After the Maxwell move, Sir Clive

said that as a result of an improve ment in sales the proposed refinancing was no longer necessary. Lest night Barclays Bank said, on behalf of the signatories to the agreement, "We are delighted to reach an agreement on continuing financial and manufacturing sup-

port for Sinclair Research. This agreement and a new man-agement team, combined with Sir Clive's undoubted flair, enables us to share the company's hopes for s return to sound and profitable trad-

ing."
Mr Bill Jeffrey, chief executive has rearranged the management and on board changes is expected in the near future.

# Treasury sets the rules for expenditure survey game

ers and the Treasury as the banker. The name of the game is the 1986-87 Public Expenditure Survey

by departments for excess spending he writes, Treasury officials above the budgets allocated to face a special dilemma this them. The object is to achieve manyear. imous agreement in Cabinet by about November 5 that next year's public spending total will be ministers have drawn from the Feb the spending total through asset £135hn, the figure set out in the lat-ruary crisis when sterling was sales. est budget report.

The Treasury, as usual, will make up some of the rules as it goes along - just to confuse the enemy. Even so, it will need to deploy all its horse trading skills to the utmost. But this year the Treasury is facing a special difficulty: after the humiliation of last February's sterling crisis it dare not allow the City to gain any impression that it is finessing

spending projections set out in annual White Papers (policy documents). They are partly targets in-tended to be kept, but partly they represent the Treasury's negotiat-ing position against the hydra of spending demands.

For example, the Treasury never believes its own figures for future local authority spending. And it has not seriously expected that its employees can be kept within the 3 per cent "pay assumption" enshrined in tically tough figures if it wants to achieve a "sensible" result.

over-spenders. But it will not do at all for the Treasury's total strategy.

Many of the spending numbers will inevitably be rather shady, rep-resenting a hotch-potch of wishful thinking, bargaining and genuine uncertainty. But they must all add up to a figure of positively Victorian

game of bluff and counter-bluff will Max Wilkinson, Economics equivalent of selling the furniture begin with the Government's main Correspondent, examines the spending departments as the play-background to an annual contest between the Government's main spending departments and the Treasury. Following The stake is about £4bn of bids last February's sterling crisis,

> ruary crisis when sterling was sales.
>
> plunging towards parity with the dollar and interest rates had to be isters will face when they return pushed up by 4% percentage points to 14 per cent in its defence. At least part of the reason was that the City Treasury suspected in turn of laxi-ty, underhand reliation and then sheer obscurantism.

The solution announced by Mr Nigel Lawson, Chancellor of the Ex-This is a real dilemma for Treasury officials because there is always to increase the public spending to an element of bluff about their tal by £2bn a year (about 1% per cent next year) for the four years up to 1988-89. This was added to the unaflocated reserve which now provides a very substantial cushion for overspending by individual denartments.

For next year (1986-87), this re-serve stands at £6bn - almost as large as the expected public borrow ing figure and enough to allow de-partments to overspend by more than 4 per cent on average without

recent spending plans. But it This is a large and respectable knows, from bitter experience, that cushion which the Treasury can use it must start off with some unrealis- in the coming weeks to absorb at entitlements least some of the spending departments' attacks. A rather more dubi-This tactic, well known to every ous buffer is provided by plans to used-car salesman, is fine for deal-sell assets owned by all of the pubing with some of the more notorious lic to some of the public. The decision to sell off British Gas means that asset sales next year are likely to be nearer to £3%bn than the £2%bu envisaged at the time of the

Because asset sales count as neg-ative public expenditure, this would

to pay the bills. More rigorously, it has been objected that because a sale of assets reduces the Government's future income, it should be considered more like raising money by horrowing than as a cut in

The Government must respect this argument if it wants to preserve its credibility in the City, although the markets would probably accept some "cosmetic" reduction in

from their holidays, therefore, is that spending bids by departments have been honed down from about had lost confidence in the Govern-ment's spending numbers, with the about cabn at the end of August. This includes a wide range of ex-

tra bids, some of them inescapable, which can be traced to three main causes. First, the inflation rate this year has been considerably higher than assumed in the last spending White Paper and about % of a percentage point higher than the Treasury was expecting at the time of the budget. This has had the direct result of increasing social security payments by some £700m in a full year, because they are uprated in line with inflation. However, other costs will also rise, so that inflation will add more than £1bn to the total

Then there are increases in de-mand that the Government can do little to curb, for example in the family practitioner service and in the take-up of social security biggest clothing retailer, helped to 28.4m tourses.

Third, there is the continued rise in unemployment which adds to the cost of benefits. It also puts pressure on the revenue side of the government accounts because the unemployed contribute far less in taxes than those in work. Unemployment in Great Britain is now about 100.000 more than was assumed at budget time, and it is still

op to a figure of positively Victorian give the Treasury perhaps a further doubt that the Treasury can fill or more to set against in- achieve its target figure of £139bn creased spending bids. It has been for next year.

# Wet British summer puts a dampener on seasonal sales

FINANCIAL TIMES REPORTER

seasonal activities of many UK ion ranges earlier than usual. companies, as well as dampened stayed at home this year.

The weather - England and Wales has received nearly 50 per cent more rain than average since early June – has meant: a less profitable harvest for Britain's farmers: less beer being drunk; summer fashions being left on the shelf; few-er fridges and freezers being sold; and more Britons holidaying abroad.

An average August in London has some 12 days without rain: this terday in the capital. But the Bracknell weather centre gives some con-solation by pointing out that 1985 has not yet moved into the top 60 wettest summers since 1727. The blame for the damp summer

is put on a continuous north-westerly airstream which has affected most of north-west Europe. The hardest-hit British companies have been those which rely on sunny weather to help boost sales. The brewers are awaiting publica-tion next week of the latest figures for beer sales, but total beer sal the first six months this year are 1.8 per cent down on the same period

Fashion retailers have been hard hit and left with extra stocks to

BRITAIN'S wet summer has mitigate the effects of the poor su thrown into turmoil the traditional mer by bringing in its autumn fash-

The weather has led to a fall-off the holiday season for those who in sales of refrigerators and freezers - which normally sell well in the summer - according to Mr Ian Gray, managing director of the Rumbelows electrical goods chain. This loss has been compensated for by extra sales of washing machines

and tumble dryers. Suntan lotions have, surprisingly, not been affected by the weather with sales this summer up by 7 per cent in volume terms compared

with last year. Many other seasonal products such as garden furniture - have been adversely affected by the poor weather. However, umbrellas have been in great demand.

Another sector which has benefit ed has been the travel industry. The demand for foreign bolidays in recent weeks has been stagger ing," says the Association of British Travel Agents.

This last-minute rush should be seen against a fall-off in business earlier in the year. The general view is that the total UK package tour market will be down by about 5 to 10 per cent this year.

Opinions vary among farmers as to the likely effects of the weather on crop yields. But the consensus is that the total harvest will be large by historical standards, if nothing clear. Marks & Spencer, Britain's like as big as last year's record

#### **UFE OPTIONS REPORT**

Eurodollar Future—points of 100% Quiet market as rate remained steady ahead of UK holiday. Pravious day a Previous day a

Louisa Powell of LIFFE on 01-623 0444 LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

# New management at JMB 'cuts losses'

BY STEFAN WAGSTYL

that the new management it in-stalled at troubled Johnson Matthey Bankers after its collapse last year has succeeded in cutting potential losses on bad and doubtful

It is understood that the Bank is satisfied with the progress made in bringing the loan book to order since it rescued JMB last October. Previous estimates putting bad statements on the affair. loans at £248m may prove to be up

As a result, the Bank is confident that it can press ahead with plans to sell JMB back to the private sec-tor. A number of would-be buyers have already expressed interest to Baring Brothers, the merchant bank which is advising the Bank on preparing the ground for an even-tual sale.

In the next few weeks, the Bank

more optimistic than before about JMB's future are, however, unlikely to dispel continuing controversy

reforms of bank supervision after making trenchant criticisms of the

THE BANK of England believes Bank of England's role in the JMB

The City of London police fraud squad is expected to report soon on its investigations into gaps in JMB's records.

 JMB and its former parent Johnson Matthey are suing JMB's former auditors, Arthur Young, Arthur Young is suing Mr Lawson for libel over remarks made in broadcast Meanwhile, details of JMB's loan

book\_continue to emerge. Some £100m of the £248m bad debts is accounted for by the two biggest cre ditors - Mr Mahmoud Sipra, whose El Saeed group ran up debts of over colon, and a second major custome whose identity has not been

Other debtors include companies in Mr Abdul Shamji's Gombe is expecting to see a detailed review of JMB's loan book by its new auditors, Price Waterhouse.

Indications that the Bank is now nected with Mr Michael Hepker,

chairman of Sumrie Clothes. · Many of Mr Sipra's companies have gone into liquidation or receiv about its past.

Mr Nigel Lawson, the Chancellor of the Exchequer, has far-reaching than call in loans, JMB has preership, but most other debtors have ferred to seek better security or to

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#### 'Think Tank' expected to This announcement appears as a matter of record only. August 1985 have new head

Financial Times Reporter MRS MARGARET THATCHER, the Prime Minister, is expected to announce within the next fortnight announce within the next norming the appointment of a successor to Mr John Redwood as head of the "Think Tank" at No 10, Downing Street. The unit advises on policy

Downing Street refused yester day either to confirm or deny reports that the post would go to Prof Brian Griffiths, aged 43, the dean of the City University Business School

Prof Griffiths, formerly professor of banking and international finance at the City University, has a reputation as a hardline monetar

The post of head of the "Think Tank" has become vacant as a re-sult of the selection of Mr Redwood as parliamentary candidate for the safe Conservative seat of Wokingham in Berkshire.

The seat is at present held by Sir William van Straubenzee.

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Public Notices

# **WIDE AREA** Notice published by the Director General of Telecommunications

under Section 12 of the Telecommunications Act 1984,

Proposed modification of the licence granted to British Telecommunications to run telecommunication systems for the provision of radio-paging and other land mobile radia services. The Director General of Telecommunications

("the Director") hereby gives notice that he proposes, under Section 12 of the Telecommunications Act 1984 ("the Act"), to modify the conditions in the licence granted under Section 7 of the Act to British Telecommunications ("British Telecom") to run telecommunication services for the provision of radiopaging and other land mobile radio services by the insertion of a new condition. This condition will require British Telecom to introduce separate billing for its Radio-paging Services and ancillary services (eg the supply and maintenance of pagers) so that customers of those services are invoiced separately for such services from any other services provided by British Telecom. British Telecom will be required to introduce such separate billing for some of its radio-paging customers not later than 30 April 1986 and for the remainder of such customers as soon as reasonably practicable thereafter.

2 The purpose of the modification is to remedy or prevent any adverse effects to British Telecom's

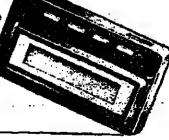
competitors in the provision of radio-paging services which could result from British Telecom's practice of Including its charges for radio-paging services in the same invoice as its other charges to a particular customer for other services provided to that customer by British Telecom.

3 The Director is required by Section 12(2) of the Act to consider any representations or objections which are duty made and are not

Any persons whose interests are likely to be affected by the modification, and who are desirous of making representations or objections in respect of it, should do so in writing to

Mr AWG Catta, OFTEL, Atlantic House, Holborn Viaduct, London EC1N 2HQ (stating their Interests and the grounds on which they wish to make representations or objections) before October 7th 1985.

Copies of the proposed new conditions may be obtained



girl-mole, perhaps (9)

Chaos (3, 2)

Yorkshire.

York

cording to Mr lan Gibson, purchasing director of the manufacturing roads. subsidiary, "and the design will

change further as we go along."
"Eventually the car produced will be our own vehicle" - although with a common engine and transmission to the Japanese version, assuming that Nissan moves as expected from assembling 24,000 Stanzas a hy 1990, said Mr Gibson.

Nissan's final decision on phase two is due in 1987, although it has already indicated that it is virtually

The requirement for design changes to the European Stanza would come about because of the differing requirements of European huyers to counterparts elsewhere in the world, and because of the need to fulfil a commitment to the UK Government that it would source at least 80 per cent of the car within Europe under phase two.

NISSAN is including a design cenin Japan for sale all over the world,
tre in its car plant being built on an However, this was not an ideal solu800-acre site at Washington in tion. West Germans, for example, north-east England. It has already tailored the design of the new Stanza model it is to produce "in minor use than a North American driver ways" to accept UK components, ac- limited to 55mph and requiring to

> The first Stanzas to come off the line next year are expected to have about 20 per cent UK content, spread among about 30 UK suppli-ers, said Mr Gibson.

But with the higher economies of scale from phase two onwards -there is a provisional phase three year from next August to produc-tion of at least 100,000 units a year 200,000-plus vehicles a year — the car eventually produced by us will be our own vehicle."

Nissan executives in Tokyo have already indicated that were output in the 1990s to reach 250,000, extra facilities to produce engines and transmissions would not be ruled

Mr Gibson sought to allay fears raised by West Midlands components suppliers that they would be required to move production facili-ties to the north-east if they wished to do business with Nissan, and that Mr Gibson pointed out that Nissan's past policy had been to produce a particular model at one plant of an influx of Japanese component suppliers.

WILLIS HOPES FOR SOLUTION TO UNION'S THREATENED EXPULSION

# TUC authority 'must be respected'

MR NORMAN WILLIS, general cal funds - could be a major aid to secretary of the Trades Union Congress (TUC), has said that any solu
He questioned whether or not the

tion to the impending suspension or expulsion of the Amalgamated Union of Engineering Workers (AUEW) from the TUC must be one in which the anthority of the TUC is recognised.

The AUEW faces suspension for receiving £1.2m of state aid for postal ballots - an act expressly pro-scribed under the principles adopted by the unions at the TUC special conference at Wembley, London, in

Mr Willis said he did not know "if there's any mechanism to get off the hook - but there's no solution which says that it just doesn't mat-ter." However, be said: I don't believe this is an issue where anyone is seeing it as a chance to get the AUEW and the EETPU (the electricians' union which supports the AUEW) out of Congress."

The TUC general secretary was giving an interview to the Financial Times before the opening of the annual TUC Congress in Blackpool next Monday. • He said there was growing dissatisfaction in the public sector - al-though this was unlikely to result in

"one public service battle." ● He claimed that ballots - now re-

Government was listening to the TUC in such forums as the National Economic Development Council (NEDC). • He condemned the Government's

review of social security as an attack on the social consensus which has existed since the Second World War and of which the TUC was Mr Willis said that there was "a

considerable amount of apprehen-sion about a major union being out-side the TUC – we've always prided ourselves on having one national centre. There is a great wish to see this solved: but if you want one national centre, it must be effective." The TUC general secretary pointed to the statement by the AUEW

executive earlier this month which

firmly rejected any participation in an alternative centre to the TUC. But he added, "I honestly don't believe we are taking a hammer to crack a nut here. If there is any solution, it must have the element of recognition of the TUC's authority." In the public sector, he said, there were three major causes for complaint. First, Government antagonism to the sector - "this attitude that it could all be done better by



Mr Norman Willis

or on cuts."

On ballots, Mr Willis said that he believed trade unions were now "seeing how effectively they could carry on their joh with ballots as part of it. My own view is that there is a common feeling that they want to get more experience under their to get more experience under their the Social Services Secretary as

He said there was great interest Tesos" (the supermarket chain).

Tesos" (the supermarket chain).

Second, a covert "incomes policy" would do in this area. (Mr Neil Kindow) in what a Labour government would do in this area. (Mr Neil Kindow) in what a Labour leader, has said here wishes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives, to hold strikes and to maintain political to elect union executives.

form). The TUC general secretary added that ballots could create "a new situation - it gives us the right

He criticised the press and broad-casing media for being "much more willing to mix it" in union elections and decisions – and said that extensive balloting would "require a greater degree of public morality from the media. He said, We are entering into a much more public arena without being given any guarantees of behaviour from

anyone."
On relations with Government, he said: "We've always had a relationship there – the question is, not seeing the Government, it's what do you talk about? And who is listen-

ng?" He said that discussions between was "hardly a part of the public services where there isn't a consider the TUC, Government and employable resentment on manning levels ers at the NEDC had been interest-

to get more experience under their er, the Social Services Secretary, as belt about ballots - I believe the being "part of a hostile position tounions are treating this very wards the TUC." There had been no

# Industry urged to make up shortfall in research budget

BY DAVID FISHLOCK, SCIENCE EDITOR

the British Association for the Advancement of Science in Glas- to benefit fully from its basic, curi-

Prof Sir Hans Kornberg, the Cambridge University geneticist, was opening the annual conference U.S. industry provides about 4 per a beightened awareness of the cent of the support for basic re-search in U.S. universities. The put science to use." same proportion in Britain would add £26.5m - "enough to fulfill our most urgent needs," Sir Hans said.

He found it encouraging that one U.S. company, Monsanto, was funding on a large-scale research into carbohydrate chemistry at Oxford University "without placing intolerable shackles on the freedom of individual research."

Some British companies were beginning to see the merit of investing in research at this level. British Petroleum's venture re-

search unit gave research gramts dards of education and research for proposals having some prospect The major steps in technolog for proposals having some prospect
of new industrial innovation within that had "changed our world" - he

But he acknowledged that Britain had "long tried and largely failed"

osity-oriented research. By involving scientists in industry with the research in universities was opening the annual conference at an early stage, the distinction be of the British Association at Strath-tween "basic" and "strategic" reclyde University. He cited the way search would hlur "and there will be

> The belief that only applied research and experimental development yielded commercially useful results was one that increasingly permeated government as well as

> This belief had "changed for the worse the way that public funds are used for the support of research. Sir Hans was very sceptical of the way that money was being spent by the Science and Engineering Research Council on subjects of only marginal relevance to stan-

cited nuclear power and nuclear Sir Hans warned of the vital im- medicine - were not improvements portance of remaining curious if of existing practices but "quantum science was to be effectively put to jumps to entirely novel procedures

# **Expansion planned for** London marina complex

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

TAYLOR WOODROW is seeking planning permission for a £100m expansion and improvement programme at St Katharine's Dock, the business, leisure and residential complex close to the Tower of Lon-

St Katharine-By-The-Tower, a subsidiary of Taylor Woodrow, is asking the London Docklands Development Corporation for consent to go ahead with a new project comprising 103,000 sq ft of office space, apartments and an extension to the existing lock entrance.

Mr Stephen Goddenough, development manager of St Katharine, commented: The project, which is

being financed completely by Tay-lor Woodrow's own resources, is expected to take 21/2 years to complete and work will start in the autumn subject to planning permission."

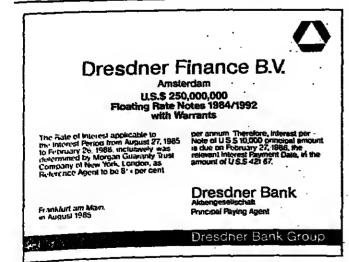
The improvement work to London's only yacht haven will include extra marine storage, a yacht chan-dlery and improved on shore facilities for visiting crews.

Sir Robert McAlpine and Sons has won a £37m contract to build a nuclear waste encapsulation complex at Sellafield, Seascale, Cumbria, for British Nuclear Fuels. The contract could be worth as much as £40m if extra works are needed.

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JAPAN, like no other industrialised nation on earth, is a nation of small businesses. A staggering 99.4 per cent of Japanese businesses are in the small and medium-sized category, employing eight out of ten of all Japanese industrial workers.

These companies provide the fuel and grease for Japan's successful industrial machine. More than twothirds of them are sub-contractors for Japan's multinational glants, providing the bits and pieces for the millions of products exported abroad. With their success, then, goes Japan's success. This fact is fully understood by Japan's government. Its small business policies are being increasingly studied by European governments in their attempts to support a sector which they see as having an important part to play in tackling unemploy-ment. "Without injecting vitality into these small businesses, our overall economy is not vital. We take this for granted," says Hiroo Kinoshita, the new director general of the Small and Medium Enterprise Agency

# A supportive state

Carla Rapoport explains the small business role and relates a company's views on the benefits of government aid

Sitting in his huge office decorated with fresh flowers, Kinoshita adds after some reflection: "I think the Japanese economy is relatively better organised than ether economies. That's a major reason why we have such a large trade surplus with the West."

Trade surpluses aside, Japan's small- and mediumsized b n s l n e s s e s are generously supported by government. Consider the

• A company employing less than 300 people or with capital of less than Y100m (£300,000) pays a tax rate of 31 per cent if net income is less than Y8m, regardless of rales. (Normal corporation tax in Japan is 43.3 per cent.)

mpanies purchasing industrial robots, computer-con-trolled manufacturing or distribution equipment or other similar technology receive a special depreciation allowance in the first year of 30 per cent of the acquisition cost, or a similar-sized tax

 Small- and medium-size companies can apply for lowexpansion or improvement from three government-affiliated financial institutions set up solely to serve their needs. Last year, these three groups extended loans worth more than Y5,200bn. Similar incentives are available in most European countries, but on the whole they are less generous. "If they (small

small business. It is simply cheaper and more disposable, making the companies able to adapt quickly during lean times. One area of small business support which is still develop-

ing in Japan is venture capi-tal. Kinoshita estimates that there are about 60 venture capital funds now in Japan, including a 22-year-old government fund, the Small Business Investment Company, So far, it has ploughed Y58hn into 1,425 companies. Only 17 of these—one of which is profiled below—have made it to the Tokyo Stock Exchange, the point at which the fund cash in on its investment. Not surprisingly, the fund only began to make money within the last two er three years. Still, Kinoshita adopts characteristically Japanese

patience on the matter. "It takes time to build a business," he chides, pointing out that the failure rate of Japan's small husinesses has been less than 1 per cent for the last ten years (5 far better performance than in the UK). The future, he says, is promising: "Small busi-nesses offer the chance to become richer than a top executive at a hig company. More and more Japanese people want to take this chance."

Moreover, many agencies' staff are already fully stretched GRAPHTECH

Research suggests enterprise agencies are over-stretched

BY WILLIAM DAWKINS

SCOTTISH research group has cast doubts on the recent predictions by David Trippier, the small firms' minister, that Britain's more than 200 enterpriss agencies will grow in number to 300 by the end of this

"Financial pressures may lead to a future rationalisation of agencies, perhaps with central agencies and satellite presences covering a county or s number of districts within a region," argues Derrick Johnstone, a consultant with the Glasgow-based Planning Exchange.

The group provides further evidence in its latest report of the "acute" funding difficulties experienced by several of these private sector-backed organisa-tions which offer advice and assistance for small businesses. Corporate sponsors and the Department of Trade and Industry see "their fonding as pump priming, limited in duration and leaving local authorities to fill the gap thereafter," writes Johnstone, one of the story's eight

and would find it hard to take more apparent, says Johnstone. on extra work. Counselling would-be entrepreneurs takes 70 per cent of the average agency's advisory time, while just 30 per cent is devoted to advising estab-Community (BIC).

As a result, Johnstone warns: "Many . are concerned that they cannot devote enough time to following up the progress of clients, a process seen as potentially a very effective way of reducing the death rate of young busi-

The hig challenge for the agencies, be suggests, is how to control the flow of new enquiries while at the sama e assisting in the creation of the greatest possible number of new jobs. One solution might be to screen start-ups before be to screen start-ups before giving them full advice, either by taking possible elients into groups and going over the pitfalls and rewards of self-employment, or by altering agencies' counselling styles to make the difficulties involved in starting a small husiness

Because there is no universally accepted definition of what constitutes an enterprise eent is devoted to advising established businesses, according to a
recent survey by Business in the all organisations permitted to take managers on loan from large companies under a lax incentive which enables corporate sponsors to offset secondees' salaries against their own tax bills. BIC, using a stricter definition, estimates that there are just over 200

In any event, argues John-stone, "the stress must now be on the consoli-ation of their activities, rather than rared expansion into new fields, with concentration placed on developing a more effective and professional business advisory service."

Enterprise Agencies and Local Economic Development, £4.50 from the Planning Ex-change, 186 Bath Street, change, 186 Bath Street, Glasgow, G2 4HG. Tel 041-332

# Big payback from a high flyer

own venture capital firm, the Small Business Investment Company, has bought stock in less than 1,500 companies over the past two decades, and only 17 of these have made it to the Tokyo Stock Exchange.

of the Ministry for Interna-

Last January, however, the SBIC bad reason to pour out the sake, A 10.8 per cent stake in a scientific instruments company called Graphtec, bought with a total of Y100m over the years, turned into Y5hn overnight when Graphtee went public.

Graphtec itself makes little of the Government's contribution to its success. Tax concessions, depreciation allowances and capital injections, as far as it is concerned, did not make much of a difference though it does admit that Mitti's involvement made it easier to get hank finance. Graphtec has grown and thrived on a diet of hasie management and market-ing principles fed to it by an ex-manager of Matsushita Elec-tric Industries, one of the country's most respected firms and a world leader in consumer electronics. Its experiences The young company soon show that while government gained a reputation for building

THE JAPANESE are no great assistance is important, it is no recipe for success on its own. Heaquartered on the top floor of a gleaming new huilding in south Tokyo, Graphtee still bas the feel of the tiny venture it once was. The company's voluble president, Mitsuo Yama-guehi, unpretentiously hands around tomato sandwiches him-self during a working lunch. He remains down to earth, despite the fact that his personal holding in Graphtec is now worth more than US\$10m.

Grsphtec was born, oddly enough, out of the trial in Japan in the early 1950s to determine whether Lady Chatterley's Lover was pornographic. Dr Kenji Watanabe, a noted elec-trical engineer, was asked by the court to develop a machine which could determine if readers were stimulated psychologically or sexually by the book. This machine became the basis of Japan's first lie detec-tor, which in turn became the Measuring Company, later renamed Graphtec, (Watanabe's machine, in fact, was the only winner at the trial. D. H.

high-quality analogue recorders and plotters, used to measure physical reactions of all kinds, ranging from earthquakes, heart beats and lie detection. By 1975, the group had 250 employees, sales of YL5on, but no visible profits. Now it has twice that many staff and annual sales of Y14bn, on which it expects to make a Y2.8bn profit this year.

Ten years ago, Yamaguchi was about to be put out to pasture by Matsushita where he had worked for 35 years. Not one for sitting still, Yamaguchi, then aged 58, was tempted by Watanabe's offer to join his small company as president.

Now he describes his first few weeks as if they were yesterday: When I entered this company, the management was totally had, it had piles of stock, it was short of capital and the bankers wouldn't lend it money. Watanabe believed that if the company made good machines, they would seil. He was a scientist. On the other hand, I was taught by Konosuke Matsushita (the multinational's founder). I looked at this com-pany and said, this isn't a com-pany, it is a group of technicians

Pre-tax profits 1980 81 82 83 84 85

high quality products," says Kinoshito, "then our finished products are no good." His burean of 190 people spend most of their time formulat-

ing policy on the promotion of small businesses, which is

then funnelled through to the

appropriate policy-making bodies. The actual mechanics

of aiding small businesses is handled through local govern-

ment officials, chamber of

commerces and the three government-affiliated financial

Rinoshita admits, bowever, that one of the big advantages for Japanese small businesses is their ability to opt out of

traditional Japanese business practices. Lifetime employ-

ment is a luxury that only the hig firms can afford. This

means that part-time, female labour is a mainstay for the

working on their hobbles in a

He set to work with the guiding principle that techno-logy was no good if the customer didn't want to buy it. He stopped production and sent employees out to talk to cus-tomers. One of their complaints was that the ink from the machines was messy and dirty. Graphtec hit npon using the thermal technology then avail-able for printing and created one of the world's first thermal printers.

He also made changes on the personnel front. Saturday work was abolished for all but senior

managers, who had to work on Saturdays until only a few years ago. He started inserting chatty letters about the business with everyone's pay cheques, and made up a company flag, badge and song. "You may think it's absurd, but a company, after all, is a group of people," he Says.

At 68, the tanned chainsmoker shows no signs of slow-ing down. "Every year we can get 20 per cent more profits," he says. By AD 2000, he wants sales of Y200hn worldwide. It determination can linger after the man, Graphtec might just get there.

#### In brief

'A TWO-DAY course on the principles and practices of negotiating for subcouracts with Ministry of Defence suppliers is to be beld in London on November 20-21. Organised by Crown Eagle Communications, the course will cover practical issues in-cluding the ministry's small firms policy, contract conditions, pricing and payment and technical standards. Among the speakers are Geoffrey Bentley, quality assurance adviser to the Defence Manufacturers' Assoeiation, and Peter Breton, contracts executive for

The seminar will be held at the Selfridge Hotel, Orchard Street, London W1, and costs \$425.50. Details from Miss J. K. Van Wycks, Crown Eagle Communica-tions, Vernon House, Sicilian Avenue, London WCIA 2QT. Tel 01-242 4111.

MACCLESFIELD Business Ventures, the Cheshire-based enterprise agency, is to hold a seminar on October 10 on marketing and promotion for professional service firms. Entitled Practice Development on a Small Budget, the course is intended for pro-fessional qualified people— like architects, accountants, dentists, vets and opticians— who may have been poorly advertising and selling which is becoming an important feature of their markets.

The one-day course costs £60 and will be held at Valley Lodge Hotel, Wilmslow. Details from Anita Crawshaw, Macclessfield low. Details from Anita Crawshaw, Macclesfield Business Ventures, Venture House, Cross Street, Macclesfield, SK11 7PG. Tel 0625 615112.

PUBLISHER Graham & Trotman has updated its hand-book, How to Start and Run Your Own Business, to include all provisions affecting small companies in the March

The book covers subjects ranging from investigating

the market to obtaining start-up finance, taking profes-sional advice, sales and marketing and handling growth. It can be obtained for £9.95 excluding post and packaging from Graham & Trotman at Sterling House, 66 Wilton Road, London SWIV 1DE. Tel 01-821 1123.

TMAGE Workshops. Fulham-based small business advisory group, is starting a series of weekend courses on September 18 for ventures with one- or two-year track records. It covers subjects including planning, raising finance and marketing. Image alse runs a one-year workshop, starting next month, where owner-managers meet once a month to review progress and develop their bushness strategies. Rates average £6 per hour, with the week-end workshops costing £90 plus VAT, rising to £275 for the 16-session, one-year work-

Details from Andrew Ferguson, Unit B, 9 Humbolt Road, London W6 8QH. Tel 01-381 4577.

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water sapply end severage project (serving 54,000 Inhabitants) supply and arection of electrioni/mechanical equipment. Velemes 1 E/M and 3, for:

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operation and maintenance for 24 months.
Sewerage component
3 No. lifting stations, sewerage treatment plant (extended earstion) speration building and speration sed meintenance for 24 months.
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blood-curdling glottal explosions and murderous inhalations of

the great Oriental performer.

The Macbeth was in Edinburgh for three days. An equally big and deserved hit bas

been scored by the Festival/ Perth production of A Wee Touch of Class at the Church Hill Theatre, moving across town to the Leith Theatre for extra performances from tomor-

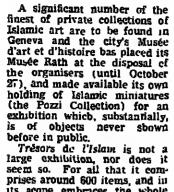
row. The biggest critical fallacy of the Festival has been

perpetrated by those who claim that Molière's Le Bourgeois Gentilhomme has been traduced

tectors of the cultural beritage have actually read any Molière lately. Molière has always gone

#### Islamic treasures and modern sculpture

William Packer



its acope embraces the whole bistory of Islam from the 7th to the mid-19th centuries, its full geographical extent, from Spain to central Asia, and its many practical disciplines.

These last are here divided into eight principal categories: the Book; Ceramics; Arms; Textiles and Carpets; Architecture; Metalwork; Coin; and the Decorative Arts in general.
Of uself, it is not the kind

of show that makes neat art historical points or follows close academic argument, although just such exegesis is generously available in the handsome and scholarly catalogue that Toby Falk has edited — published by Sotheby's/Philip Wilson in by Sotheby's/Philip Wilson in association with the Geneva Museum at £35 (SwFr 110) bardback, its 600 illustrations all in colour. Rather it is a celebration of the particular, the beautiful and the exquisite.

Historical connections and stylistic developments are there to be pointed of course, espe-cially so with the Iranian and Mughal miniature paintings of the 16th and 17th centuries, as well as all coins, some 200 of them. But even then, it is the individual image or artefact that sticks in the mind, two

astonishing boldness and slm-courses that emerge at last plicity of the calligraphic together.



Portrait of Hajji Mirza Aqasi, chief minister of Muhammad Shah Qajar, wearing a white cloak over a coat of Kerman shawl, and holding a walking stick (Iran, dated 1262/1846). From the 'Treasures of Islam' exhibition

decoration of the very carliest piece — a plain shallow dish from Mesopotamia of the 9th or 10th century — or the unornamented refinement of the Kashan jugs and bowls of around 1200, or again the more complex floral dishes from Turkey some time before 1600 AD.

that sticks in the mind, two camels bitting at each other'a legs, horses prancing through the rocks to escape Rustem, or the llon stamped in the golden zodiac muhur.

There are the pots, with the influence of Chinese porcelain an ever-present question but one which falls away in the face of their particular qualities, wbether it is the assonishing boldness and sim-AD.

Most delightful of all, the little Mughal water maze sits by itself in the lower gallery, the simplest of decorative sculpural ideas given the most work any number of variations upon a gentle stroll through the nark to take in the seulpture thing leading

It is as physically gratifying a piece as It is imaginative, and a piece as It is imaginative, and would not in the least be out of place in the international exhibition of modern sculpture which the Centre d'Art Contemporain has put on in the open air at the Parc Lullin at Genthod, some three miles from Geneva along the Route du Lacture de Lacture de Lacture de Lacture de Lacture de la transport.

park to take in the sculpture as may be, one thing leading on to another hut in no given

The ground falls away from not even the half of it

the bouse at the top of the hill down to the lake, gently at first across an open meadow dotted with trees, and then sharply down through woods to the rail-way, through a tunnel and so down to the water's edge. The sculptor thus has the widest choice, from wide and open spaces and extended vistas to sudden, close and private places in which to work, or set up his

Sculpture in the open bardly constitutes a revolution, and some of the artists here have simply brought their work 10 the show as a calculated imposition. tion, knowing that with per-haps some minor formal adaptation a sultable site would be found and it would look well

The more intriguing work and more successful in terms of this particular exhibition is that which makes it clear that Mahomet has come to the moun-tain, that the artist has res-ponded to the particular sti-mulus of the given place to offer a work of art that could never be quite the same elsewbere.

In the thicket a large arrow iterces the trunk of a tree some ten feet above the ground (lan Hamilton Finlay); a little further on and now some 80 feet up are chairs fixed to opposing tree trunks, bizarre growths (John Armieder); now down to a bidden stream and quict, overhung pool where floats a little wooden roft, with mast and flag (Merat Oppenbeim). More fugitive still, 12 long, thin sticks, each bearing some 170 suo spots burnt in by a glass, are scat-tered among the natural debris around a low tree . (Roger Ackling). We look up and there above the path beside tha meadow a single branch of the over anging tree has been painted bright gold (Jakob Mattner). We look down, and forgotten tree stumns have been forgotten tree stumps have been cemented in and inscribed: Modus Operandi (Joseph Rosuth). At the next turn through the wood a colossal figure of varlegated marble, a sort of winged and giant trull, blocks our path (Michaelangelo Pistoletto). And that is not all, we come the helf of it.

#### Edinburgh Festival drama

Michael Coveney



Paul Young and Rikki Fulton in 'A Wee Touch of Class' at the Church Hill Theatre supported by the Japan Foun-dation, it has nonetheless been

dation, it has nonetheless been scandalously cold-shouldered by London managements nervous of the public's response to work of genuice quality.

The costumes and wigs, all stunning, are of traditional Japanese theatrical stock and the play is given complete and in the right order. Even the "English" scane is for once exciting. Mikijiro Hira's unforgettable heroic warrior strides terrifyingly to his doom with the swishing Samurai authority, blood-curdling glottal explosions well into Scottish and Fulton and Denise Coffey (who plays a scrofulous maid in clogs from Fife) have come up with the inspired idea of translaling M Jourdan's parvenu aspirations to the Edinburgh of 1822, with Fulton playing Archibald Andrew Dallmeyer's Optium Fulton for the great the Scottish Contain in the same as the state of the same and sheer intelligence of Father at the Scottish Contain in the same and princes Street in the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Contain in the same and Denise Coffey (who plays a script) and princes Street in the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Contain in the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market attic trying to complete Conference of the early 1820s, Thomas de Quincey was shivering in a grass market Jourdan's parvenu aspirations to the Edinburgh of 1822, with Fulton playing Archibald Jenner, founder of the great store, anxious to put the figure in the burgeoning New Town salons and squares salons and squares.

The king is staying at Dal-keith Castle and has mentioned Jenner in the bed chamber, so the gormless gull is naturally anxious to polish his act and to anxious to polish his act and to keep his vowels open. Fulton, a popular slar in very nearly the same class as Ken Dodd, resembles Larry Grayson with the swept-back whiskery hair style of an ageing rocker. His pretentions are continuously sabotaged by his own innate and incorrigible vulgarity.

When dinner of "tatties and herring" is served to the Marchioness of Marchmont, the unfortunate odour moves in this ebullient and hilarious Fulton to inspect his immediate production by Joan Knight. vicinity, then bls sboes, then bis Same old Rikki Fulton stuff, guests' shoes and finally, with they have cried, same old tawdry pantomime japes.

Poppycock and balderdash. Poppycock and balderdash. You wonder if any of these provided in the following statement of the supply with the the supply privilege of only the greatest the 200th anniversary of his vaudevillan disrespecters of the birth has been suitably the fourth wsll, his fellow vulgarians in the audience.

While Jenner was making his of the demoralised artist; the

Eater at the Scottish Centre in Shandwick Place have been unfortunately obscured in the same venue's hysterical promo-tion of what is now billed as "the Sensational Sean Malhias Season." If either of the Malhias plays is half as good as Dallmeyer's I'd be pleasantly

surprised. Neil Cunningham plays de Neil Cunningham plays de Quincey, lifting the curtain on what he calls the miniature theatre of his mind to reveal those astonishing dream sceneries that, exactly 100 years before Freud, were transformed into art. It is a performance of high physiological perception and corruscating wit and will therefore almost certainly not be joining the Sean Mathias plays in the West End later

plays in the West End later this autumn. De Quincey is buried just 200 yards away from the Scottish Centre, in St Cuthbert's, and

shuddering obliterating plea-sures of laudanum consump-tion; the fearful drying-out protion; the fearth arytigoth process when the bottle is emply:
the impulsive desperation of
the hooked hack and degenerate
genius. Stewart Preston lends
admirable support as the
writer's fifthy messenger and ironically inspirational amanuensis.

Opium Eoter is the sort of Opium Eoter is the sort of play that honours the Edinburgh fringe and rescues it from the pervasive trendiness and eattle market of the Assembly Room. That said, the best type of Assembly Room's cabaret relurns this week in the shape of The Flying Karamazov Brothers who made a the shape of The Flying Karamazov Brothers who made a great impact late night at the Royal Lyceum as part of the official programme. This hairaute Californian quantet of wise-cracking laid-hack jugglers were a total delight: street theatre skills elevated to the level of a Zen discipline. They juggle anything thrown at them by the audience, On Salurday night they were lumbered with night they were lumbered with a green umbrella, a black silk stocking and a dubious looking , haggis. These things were juggled and the scraphic hippies duly took the first of two standing ovation. They also rather exposed the old-hattedness uf the Moscow State Circus.

#### BBC Philharmonic/Radio 3

#### David Murray

Prom of the week, this time the giat of what happens to conducted by Edward Downes. Macbeth and his lady up to the He was a tactful accompanist murder of Duncan, and then a for the Portuguese planist swift leap to the end of the Sequeira Costa in Chopin's F play. Downes drew the leading minor Concerto, but the works before and after it represented Downes' solid virtues: the toons than their musical neglected Macbeth of Strauss, analogues in most of the later for searching out musical at the toons than their musical the strategies of the later took with the strategies of the later took and the strategies of the strategies for searching out music at the edge of the repertoire, and Prokofiev's Symphony No. 4, for does not often sound so purpose unsbakeable loyalty to the Russlan tradition.

Macbeth, Strauss's first "tone does not often sound so purpose ful and concise, nor its ingeniously woven lines so strongly characterised.

tone poems — and kept the development taut. The piece

On Thursday the BBC Philharmonic shouldered its third definite dramatic plan: roughly,
Prom of the week, this time the giat of what happens to
conducted by Edward Downes. Macbeth and his lady up to the new for a Boston Symphony commission, and the composer bad a rush of second thoughts almost 20 years later. It became much longer and rather the best solutions, and after a slightly unfocused start — at moderate templ the
BBC Philharmonic doesn't
achieve tough unanimity —
Downes kept up the tension more aggressive; but it still relies nakediy upon unhridled motor ostinati to keep lt golng.

In this performance the most blataot ostinati suddenly re-called Philip Glass, though of course Prokofiev's ostinati have very well. The BBC engineers seemed to Russlan tradition.

Macbeth, Strauss's first "tone poem," gained greatly from Downes' theatrical sense. Its symphonic means are precodisappeared in some passages. Sequeira Costa gave a cool, crisp account of the work: ornaments and other digital Moscow Chamber Orchestra/Elizabeth Hall flights sharp-cut, always sub-

ordinate to the beat .

The Barbican Art Gallery is to put on display some paint-ings by Vera Cunningbam, who was the model for some of Matthew Smith's nude studies. It will be the first London

Model's paintings

required.

#### Lancelot/Arundel Castle

#### **Rodney Milnes**

Only the English would were parallels of form, not vincing paragraphs—here, only ling the performance with the abount opera in the open air content. the first-act finale builds up a coolest of heads and clearest of the end of August, Last Once again Mr Hamilton has genuinely operatic head of beats.

Only the English would mount opera in the open air at the end of August. Last Once again Mr Hamilton has Saturday's première of Iain Hamilton's Laxelot, commissioned by the Arundel Festival and staged in the Castle Tilting lowed his professed aim of Yard, played to the cream of paring the material down to walked in tartan rugs; an unscheduled but bardly unpredictable 40 minute interval for rain during the first act meant that the performance lasted until well after 10.30, by which time the cold was arctic and the last trains had long departed.

One's beart went out to the players, and to the singers who negotiated a tilted slage that—despite the ministrations of seven maids with seven squeeters must still have been slippery, and dutifully mollocked in the wet grass as and when required.

Mr Hamilton's new opera like

Only the English would mount of August. Last content.

Once again Mr Hamilton has stamed from Arthurian time drawn from Arthurian has own libretto, this seven drawn from Arthurian has own libretto, this seven again Mr Hamilton has stime drawn from Arthurian has on the first-act finale builds, up a genuinely operatic head of steam. Mr Hamilton's potential as a composer for the stage will as a composer for the stage will surely only hower when he is brings himself to work with a paramount obth as regards plot and reminiscence, and the superabundance of event in the second act would have given Handel himself payers, and to the singers who negotiated a tilted slage that—despite the ministrations of seven maids with seven squeetes—must still have been slippery, and dutifully mollocked in the wet grass as and when required.

Mr Hamilton's new opera like

Mr Hamilton's new opera like

This is sad, since although

Mr Hamilton's new opera like

Pagain Mr Hamilton has stame Mr Hamilton has as composer for the stage will sac a composer for the stage will surely only hower when he is finale builds. Up a stage of only hower when he is finale builds. Up a composer for the stage will surely only hower when he is

track.

**Opera and Ballet** 

Sentander, Plaza Porticada. New York City Ballet, starring Sean Avery, Merrill Ashley, Lourdes Lopez, Ju-dith Fugate, Melinda Roy, Peter Frame and Kipling Houston, in a bomage to Belanchine, choreogra-phy by Peter Martins (Wed, Thur). (210506).

**NEW YORK** 

August 23-29

The fine cast sang out atrongly, with Anne Williams King tirelessly hright and accurate as Guinevere, John Harris a vocally heroic Lancelot, and Tom McDonnell a duly tortured Arthur. Michael Rippon (Merlin) and Mary King (Morgan le Fay) were the rival numbingly audible) as its stage space is intractable (even a running exit up two flights of steps takes a good minute). In the circumstances Aidan Lang's production was a model of resourcefulness. Chris Nance conducted brilliantly, control-

#### Buddy Holly at the Regal Antony Thorncroft

Buddy Holly at the Regal Is the misleading title of a musical play by Phil Woods, more accurately entitled Derck Duckworth at the Capri coffee bar. Buddy Holly (in the guise of Pikey Butler of the pop group Darts) is in attendance, but on a podium above the atage, where, with the Crickets, be belts out bis hits in between rignettes of working-class life in Hull, circa 1958, especially the growing pains of Duckworth, kipper packer by day, skivvy in a coffee bar by night. Buddy Holly is Duckworth'a hero: be too, had spectacles, apots and bad teeth but it did not stop him becoming a pop star: why, be is playing the Regal in Hull that very month. Will Duckworth rise above his bleak future to capture the world? Will he — well?

The atrength of Wood's play is that be has made Duckworth a sympathetic character, the genial clown who hides bis boring life behind a facade of the play's character is the army medical acene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for businesa with urine sample; the first brush-with-sax scene, cue for "lake" in the sax scene, cue for "lake" in the first brush-sax scene, cue for "lake" in the

apots and bad teeth but it did not stop him becoming a pop star: why, be is playing the Regal in Hull that very month. Will Duckworth rise above his bleak future to capture the world? Will he — weil?

The atrength of Wood's play is that be has made Duckworth a sympathetic character, the genial clown who bides his boring life behind a facade of jokes. He is given a brilliant performance by David Thelwis, a wimp in the body of a stick insect.

The weakness is that this is nothing more than another series of unrelated cameo scenes about the embarrass-

### A new British film company

A new British film production company has been formed by producer Don Boyd with funding from Virgin Films. World Wide Visual Entertainment and the French-based Les Productions Belles-Rives.

Four films are planned by the grouping, the first of which.

#### 'Homage to Barcelona' at the Hayward

The Arts Council is mounting an exhibition of art and architecture in the city of Barcelona at the Hayward Gallery from November 14 to Fehruary 16. It covers the period between the Universal Exhibition of 1888 to the ontbreak of the Snanish Civil War.

There will be works by Picasso, Gaudi, Miro and Dall as well as Spanish erchitects such as Domenech, Puig i Cadafalch and Josep Lluis Sert.

Prepared in collaboration with Catalonia and Barcelona, the exhibition is sponsored by SEAT.

#### Dominic Gill

The Moscow Chamber capable, and as intensely dull, tively kills, and to which the Orchestra, it is safe to assume, as they ever were. were always such a dull They opened their South Bank orchestra because Rudolf Summer Music programme on decades was their exceedingly certo Grosso in D major—the deliberty with almost milling the control of the couple of the c always such a dull stra because Rudolf decades was their exceedingly dull conductor. After Barshai icit them some years ago, his place was eventually taken in place was eventually taken in 1983 by the violiaist Victor Tretyakov (whose particular distinction was lo win the International Chaikovsky Competition in 1985). Sad to relate, Tretyakov proves a real match for Barshai, and the equation closes again with the inevitable thud: the Moscow Chamber Grehestra are still as Intensely in the solution of Shorts and the country of Shorts and the country of Shorts and the Moscow Chamber of Shorts of Sho

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brawniest, most unrelenting performance imaginable, and evidently an exercise to demonstrate just bow blg, rich,

orchestra offered the coup de

led his band with almost military precision, and unmistakably military charm, through a per-formance of Mozart's D major

New York Philharmonic: The 11st sea-son of free outdoor concerts in pub-lic parks include fireworks for Zu-bin Mehta conducting Beethoven, Bizet, Tchaikovsky and Puccini (Tue in Prospect Park, Wed in Van Cort-landt Furk and Wed in Seaside Park Rridgement

landt Park and Wed in Seaside Park, Bridgeport).

Tanglewood: Boston Symphony. Con-ducturs, Seiji Ozawa and John Wil-liams: Tchalkovsky (Tue); Hakan Hagegard, haritone recital with pi-anist, Warren Jones, Schumann, Grieg, Sibelius, Stenhammer, Brahms (Thur). Lenox, Mass (418871800).

TOKYO

The Sait Lake Mormon Tabernacie Choir: Fumonkan (Mon): Shinjuku Bunka Center (Tue). (4038911).
Kiri te Kanawa: Handel, Mozart, R. Strauss, Gounod, Showa Women's College, Hitomi Memorial Hall. (Tue). (2931951; 2379990).
Teiko Machashi (violin): Beethoven, Debussy, Saint-Saens, Yuhin Chokin Hall (Wed). (2138391).
Roland Daurarell, violin with Martho

Roland Daugarell, violin with Mariko Horie, plano; Yuko Mori, violin, Frank, Ravel, Prokofiev. Komaba Eminerse (Thur). (2656381).

LONDON

London Simiomietta conducted by Si-

moo Rattle with Ronald Brautigam, piano. Gershwin, Copland, Ives and Bernstein. Royal Albert Hall (Mon).

John Williams, guitar: Bach, Ponce,

Music

(4136371600).

It will be the first London showing of ber work for over 20 years and will be shown alongside the work of three near contemporaries: Gwen John, Irish artist Roderic O'Conor, and Matthew Smith himself, including pictures of Vera Gunningbam.

The exhibition runs from September 12 to November 3.

Arts Guide Muste/Monday, Opera and Baffet/Tuesday. Theatra/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

City of London Sinfesia conducted by Richard Rickox with Jill Gomez, soprano and John Williams, guitar. Vivaldi, Berlioz and Villa Lobos. Queen Elizabeth Hall (Wed).

Royal Liverpool Philiarmonic Or-chestra conducted by Marek Ja-nowski with the Michael Thompson Horn Quartet, Wagner, Schumann, and Janacek. Royal Albert Hall (Wed). (Wed).
Andrei Gavrilov, piano: Programme inchudes Bach and Scriabin. Queen Elizabeth Hall (Thur).
BBC Symphony Orchestra conducted by Sir Charles Groves with Jessye Norman, soprano. Wagner, Faure, Chausson and Brahms. Royal Albert Hall (Thur).

#### NETHERLANDS

Amsterdam, Nieuwe Kerk (Dam Square). Organ recital by Bernard Winsemius, De Grigny, Franck, Guilmant (Thur).

Amphitheatre Richellen.

Jean Guillon, organ recital: Bach (Wed 8.30pm). Saint-Germain-des-Preis church.

Schereningen, Circus Theatre. The
Bank Muzifast 1985. Kenneth Moolgomery conducting the Radio Chamber Orchestra, with vocalists Elly
Ameling, Hilda Harris, Hans Peter
Rocking Power Radio France, Grand Audit
torium. Biochwitz Rund van der Meer, and Han de Vries, oboe. Mass in G (Wed). St John Passion (Thur). (558800).

Villa Lobos and others. Queen Elizabeth Hall (Mon). (828 3191).

BBC Symphony Orchestra and Singers conducted by David Atherton.
Stravinsky, Gerhard, and Bartok.
Royal Ahbert Hall (Tue).

Boyal Fhilharmonic Orchestra conducted by Uri Segal with Vladimir Ashkenary, piano. Rossini, Beethoven and Rachmaninov. Barbican Hall (Tue). (638 8891).

City of London Sinfaria conducted by

#### SPAIN ander, Plaza Porticada, Paris Or-

chestra conducted by Daniel Baren-bolm: Beethoven and Ravel (Mon); Debussy, Boulez, Stravinsky (Tue). (210506).

#### PARIS

La Grande Ecurie et la Chambre du Roy conducted by Jaap Schroeder, Alain Zaepffel, counter-tenor, Yan-nick le Gaillard, harpsichord: Bach, Handel, J.C. Bach (Mon 8.30pm). Saint Severin Church. Due Picavet, Two pianos: One hour of variations (Tue 6.30pm). Sorbonne, Amphitheatre Richelieu.

chord Contest finals with La Grande Ecurie et la Chambre du Roy (Thur

5.30pm). Radio France, Grand Audi-All these concerts are part of the 20th Festival Estival de Paris (354,8486, 562,4080, 11am-7pm, Sun-

New York City Opera (NY State): The week features André Serben's new production of Norma, conducted by Richard Bonynge with Olivia Stapp in the title role and Robert Grayson as Pollione. Other performances in-clude Manon, conducted by José Serebrier, in Tito Capobianco's pro-duction last seen in 1980, as well as Turandot and Carmen, Lincoln Cen-ter (879 5580).

#### CHICAGO

Ravinia Festival (Murray Theatre):
The Hubbard Street Dance Company, a local favourite, perform e week of mixed programmes from their varied repertoire as part of a special Festival of American Dance, Highland Park (7284542).

Shakti (Classical Indian dancer): The Raven, a piece combining classical Indian dance and treative dance. Shakti enjoys a high reputation in Asta. Yubin Chokin Hall (near Tokyo Prince Hotel). (Thur). (400 0509).

# Territory (3; 4) Ferming Outlook 1.30 Presenders. 5.00 Bullseys. 5.30 Oiary, 1.00 pm A Question of Feith. Southeast To Lazz (S from midnight). 1.00 am Jean The Baron. 5.30 News. 8.40 Appeal. 1.30 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight). 1.00 am Jean Territory. 11.15 Ferming Outlook 2.30 Film: Southeast To Lazz (S from midnight).

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Tuesday August 27 1985

# Owners and supervisors

rescue of Johnson Matthey Bankers and the closure of New Cross Building Society it is hard to quarrel with the central proposal elaborated in consultative papers from the Bank of England and the Registrar of Friendly Societies last week that bank auditors should have closer working relations with the supervisory authorities. But the other recommendations of the two regulatory bodies raise awkward questions.

It is natural in the wake of financial scandals, that at-tention should focus primarily on the area of maximum political sensitivity: the protection of depositors and failures of supervision. But something has also gone wrong with the traditional chain of accountahllity running from bank man-agement, vie the auditor, in the shareholders when the Bank of England feels obliged to sug-gest that banks should take the elementary steps of appoint-ing a finance director end setting up an audit committee, while simultaneously seeking powers to secure the appointment of a second firm of accountants to duplicate the work nf a bank's own anditors.

#### Rudimentary

The implicit - and justified assumption in these papers is that reporting and control sys-tems are not whet they might be, Indeed, the hanks' own standards of public disclosure and internal management re-porting have long been rudimentary by comparison with those of their clients in manufecturing industry. In a highly protected environment where profits have at times been embarrassingly fat, commercial bankers have been brought up to think in terms of the profitability of the all-purpose branch, not of individual pro-

letion end tougher supervision, But could bank shareholders exerted more pressure for

Admittedly ownership in the banking sector confers more because of the inherent con- avoid costly du flict between the dictates of ing stronger.

profits. In the UK the discipline of ownership has been weakened by the authorities opposition to foreign takeovers —an increasingly anachronistic form of protection in view of the rapid internationalisation of the capital markets. It is questionable, too, whether institu-tional shareholders will ever be particularly effective chasers after productivity or second guessers of management strategy. To assume that share-bolders could ever veto e takeover like that of Midland Bank for the troubled Crocket Netional of California is surely

unrealistic. Yet if there is any area where the institutions can exert effective pressure, it is pre-cisely in relation to such things as standards of reporting, boardroom structure and audit committees. Had the institutional shareholders demanded better information nn the sources of clearing banks profits even basic information of wholesale and retall busines the wholesate and retain changes

they might concelvably have
done a service fur management
as well as for themselves.

With the building societies the issue of accountability is more difficult because of the

wider spread of ownership and consequent cost of disclosure. The lack of sophisticatinn of the average depositor-cum-shareholder means that voting shareholder means that voting power is inadequately exercised. Even so, the Registrar's proposal to reduce the information given in members while asking for more confidential information for the Registry seems a step (albelt small) in the wrong direction.

The ease with which deposi-tors rights in building societies, and more especially the Trustee Savings Bank, are now being eroded is a potentially worrying precedent. And it is a most point whether the Registrar of ducts or customers.

All this is now changing Friendly Societies has the resources to cope with the pressure of deregudramatic upbeaval now under way in the building society movement. As the legal boundaries between banks and building societies are progres-sively dismantled, the case for merging their supervision to avoid costly duplication is grow-

# **Nuclear controls** deserve support

IN GENEVA today the 124 tories, Britain and the U.S., and parties to the world's most widely endorsed international treaty begin a month-long treaty on the Non-Prolif-the Treety on the Non-Prolif-the Tre

sometimes leaves room for doubt. Even those nations which, since the 1940s, bave seemed most strongly in favour — namely the U.S., USSR and Britain, all nuclear states—often seem ambivalent when it comes in bringing real pressure to discourage indivi-

Then there are the develop-ing nations known collectively as the Group of 77, although now more numerous, which take the broad view that, however important it may seem to the more affluent countries to control the spread of nuclear weapons, the weapon states themselves set a poor example. Under Article VI of the treaty the weapnn states are pledged

to bring the nuclear arms race under control and reduce tha size of their stockpiles. In 1995 the signatories of the NPT must decide whether tha NPT must decide whether that treaty should continue in force indefinitely, nr whether it should merely be extended, or even abandoned. The last review conference, five years ago, ended in failure because of this confilct of interests between the nuclear and non-nuclear weapon signatories. The non-nuclear argued fur less to be spent on "safeguards," the international inspection of civil nuclear facilities to verify that thair fissile meterials are not being diverted into nuclear weapons. The savings should then be spent to help give poorer nations greater access to civil

treaty so far.
The USSR earlier this month made much of the fact that in 1995 the deal under which it was opening two of its civil the majority of non-nuclear nuclear facilities to international inspection under the majority of non-nuclear nuclear facilities to international and accepted IAEA safeguards UN's International Atomic will end and the world would not be accepted to the safeguards of the safeguards of the safeguards and the world would not be safeguards. Energy Agency (IAEA). In return to a dangerous nuclear reality, two other NPT signa- free-for-all.

already have fluctear weapons?

15 years into a lifespan originally set at 25 years.

Although almost every nation pays lip service to the paramount importance of preventing further spread of nuclear weapons beyond the five nations armed with them acceptance of safeguards gives the international inspectors sometimes leaves room for early experience of facilities. acceptance of safeguards gives the international inspectors early experience of facilities which can be expected to spreed

by giving tha inspectors ready eccess to its Dounreay estab-lishment where fast reactor research and development is

an appropriate prolotype for controls in the manufacture and the dismantling of nuclear

#### Slanging match

There is a serious risk, however, that the current review conference will again turn into the same kind of stanging match between the super-powers and between the nuclear and non-nuclear states

in 10 years' time: If the Treaty is not extended

widely.
The fast breeder reactor together with its plutonium fuel cycle is a good example. Britain, concentrated, provided safe-guards inspectors with early experience of this technology,
But a more important reason

politically may lie in the willingness of nuclear weapon states to surrender some aovereignty and submit to impartial inspection at all. The principle of impartial inspection is crucial to any future arms control agreement.

If eny agreement in arms control is ever reached, it will need to be backed by effective verification procedures. In that respect the safeguards system of accounting for the processing and movement in fissile respective to the processing and movement in fissile respective to the processing and movement in fissile respective that and out of girll. materials into and out of civil nuclear facilities could prove

nuclear technology.

Five years no there is still no solution to this disagreement. The question is whether open conflict between the two viewpoints can be avoided this time, perbaps by stressing the more nositive aspects of that the participating states must realise that, unless a more constructive atmosphere can be generated, the whole non-proliferation edifice could time, perbaps by stressing the more nositive aspects of that the participating states must realise that, unless a more constructive atmosphere can be generated, the whole non-proliferation edifice could time, perbaps by stressing the more nositive aspects of that the participating states must realise that, unless a more constructive atmosphere can be generated, the whole non-proliferation edifice could the provide that the participating states must realise that, unless a more constructive atmosphere can be generated, the whole non-proliferation edifice could the provide that the participating states must realise that unless a more constructive atmosphere can be generated, the whole non-proliferation edifice.

INTERNATIONAL DEBT

# The warning lights flash again

By Peter Montagnon, Euromarkets Correspondent

Mexico is this week to sign in New York the second and final part of the largest international bank debt rescheduling ever.

Its signing on Thursday of a \$20.1bn pact covering the rescheduling public sector debt falling due up till 1990 will follow hard on the baels of ignature today of a similar \$14bn agreement for Argentina, once one of the most recalcitrant, but now a model debtor.

But this positive development bas now been overshadowed by yesterday's surprise resignation of Sr Francisco Dornelles as Brazil's Finance Minister and Sr Antonio Carlos Lemgruber, the Central Bank Governor. Hopes in the banking com-munity that the Argentine and Mexican signing ceremonies could mark the beginning of the end of the developing country debt drama already begin to look like wishful thinking.

Two serious problems still confront those bankers and officials whose job it is to cope with Latin American debt. Para-Latin American debt. Para-doxically neither of them are directly concerned with the much-publicised decision of Peru's new President Alan Garcia to withhold debt service payments from international creditors or with the flam-buoyant exhortations of Cuban leader Fidel Castro that debtors should simply default

Instead the first priority now is to persuade a reluctant Brazil to come to terms with tha Inter-

Priority is to persuade Brazil to come to terms with the IMF

national Monetary Fund so that its \$103bn foreign debt, the largest in Latin America, can be rescheduled. This has been nade doubly difficult by yesterday's resignations. The second, and even more daunting task is that of steering all the borrowers safely into a future where, however hard they work at austerity, credit will not flow profusely from private markets

When the debt crists first broka in 1982 most bankers saw it principally as one of liquidity. All that was needed, they said, was a period of economic adjustment to restore order to the region's balanca of payments and rebuild the confidence of creditors. After that the loans would start to flow again and the

Central bankers

Bail us out, bail us out

raft together

LMOST three years to tha deferring repayment of debt day after its spectacular falling due up till 1990 the financial crash of 1982, agreement removes at a stroke falling due up till 1990 the agreement removes at a stroke the hump of debt service repay-ments from the middle of this decade onwards that had been so worrying to potential lenders. In a speech in Cambridge earlier this summer Mr William Rhodes, the senior Citibank exe-cutive who chairs international bank debt negotiations with Mexico and several other countries, described this process "which could begin by year-end" of return to normal functioning of the loan markets as the third and final phase of the developing country debt crisis. becoming apparent to many economists elsewhere that such a return to free market borrowing

Yet even as De spoke it was is still easier said than dorr. Particularly ominous in this respect are the latest figures from the Bank for International Settlements which showed that commercial bank loans ontstanding to countries outsida the main industrialised area fell during the first quarter of this year for the first time since

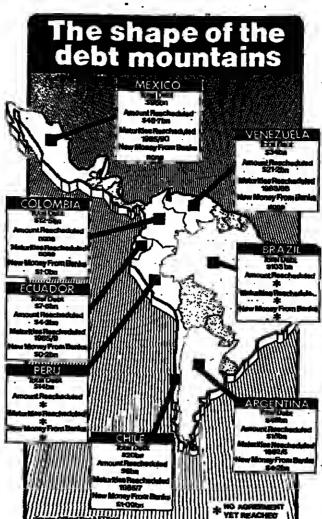
records started.

"Any new voluntary extensions of short-term trada credit have been mure than offset by net repayments of existing loans. Banks have curtailed net new lending, even to developing countries that have avoided debt problems," says Morgan Guaranty's review "World Guaranty's review Financial Markets."

According to Mr Geoffrey Bell, a New York-based economic consultant, this is doubly worrying insofar as the econo-mic environment should have favoured a revival of creditor confidence. The economic boom in the U.S. belped Latin Ameri in the U.S. belped Latin American exports surge to record levels last year, allowing a resumption of growth and a build-up of reserves in many debtor countries. But as the U.S. economy slows large financing gaps could appear again, especially if interest rates cease to fall. "If we can't solve the debt problem when the world is growing, how can we solve it when the world is slowing when the world is slowing down," says Mr Bell.

Mexico will provide the first major test of lender confidence in Latin America. Its new rescheduling agreement is not just designed to clear the way for a resumption of free market borrowing but is actually predicated on the assumption that the market will shortly be open again. Cash-flow projections for Mexico incorporated in tha agreement assume, in other words, that it will be able to borrow new money over the next few years.

Already the state-owned oil concern Pemex has begun soundings with Japanese banks for a small private placement in the Japanese bond market. Mexican officials expect to concentrate their new horrowing efforts initially on the bond



to provide funds in the sort of amount Mexico is now expected to need. One negative assess-Economist'a International Economic Appraisal Service which concludes that Mexico's external financing requirement could rise to as much as \$4bn by

"The commercial banks are unlikely to provide voluntarily

Its problems do not, for the time being at least, concern the need to raise new loans spite an 8.2 per cent fall in ex-ports during the first half of this year compared with the same period of 1984 Brazil still expects a healthy trade surplus of some \$12bn, thanks in part to the lower cost of imported oil. Sr Luis Paulo Rosenberg, the President's Economic Adthe finance needed to cover the the President's Economic Ad-net financing requirement in viser who is rapidly assuming

Search for a more acceptable balance between austerity and the alleviation of poverty is the real issue of principle

and non-hank sources would not be in a position to making, is categoric in his reprovide this level of finance, jection of any suggestion that All these factors point to a Brazil might need a new money further rescheduling of debt loan. "Not only do I not need becoming necessary in 1987," it; I don't want it," he says.

market finance that could simply melt away in the event of a final rupture with the DMF, preventing the country from carrying on its normal day-today international business. Bank creditors also need an IMF agreement before they can implement proposals to extend the maturity of some \$45.3bn in debt falling due up to the end of 1991.

The problem for Brazil thus lies in its relations with the IMF and bere the outcome will be of interest for all major debtors. For there is a marked contrast between the atmos-phere surrounding Brazil's IMF negotiations and that prevailing in similar talks with Argentina. Though feelings about the IMF do run high in Brazil, the Government's approach has so far lacked the strident nationalist rhetoric and theatrical brinksmanship of its southern neigh-

There is less of a sense of urgency in Brazil'a case as the country continues to pay all its interest on time and has the resources to do so at least for the rest of the year. That-and the accession of the new govern-ment means that Brazil's IMF negotiations have more the flavour of a genuine debate than those of many other countries. Brazil's negotiations may last a long tima but tha country will field "a group of technicians capable of matching the ability of the IMF." says the senior Latin American banker based in London. At issue between Brazil and

the IMF is mainly tha question of the level of public spending. The IMF is particularly worried that, without strict budgetary control, inflation, currently around 220 per cent, will shoot np. jeopardising any recovery. Brazil's President Sarney wants, however, to ensure a reasonabla rate of economic growth which will allow an increase of living standards for the very poor. That leaves him with only limited your for hydrot cuts limited room for budget cuts.

No one knows yet how this issua will be resolved, but one munity is that lengthy negotia-tions will only strengthen the hand of those in the Brazilian administration such as Joso Sayad, the Planning Minister. who want a more expansionary economic policy.

In this context the question mark over Peru's \$14bn foreign The search for a more accept-debt and the sniping of Sr able balance between susterity Castro pale into insignificance, and the alleviation of poverty interest on its own \$3bn foreign debt and quietly rescheduling \$80m worth of principal repayments to commercial lenders.

It is also now clear that Peru's

Cheltenham

Bank creditors hope that in spite of incoming President Garcia's rejection of an IMF solution, be will draw up an austerity programme that can be endorsed post factum by the IMF, allowing, eventually, for an orderly rescheduling of the country's \$14bn foreign debt.

But if the amount of this deb at \$14bn is in any case too small for a default to put the world banking system at risk, there is no getting away from the fact that Sr Garcia has now spoker the unspeakable. His is the first government npenty to pursue a policy of limiting debt payments to a level it thinks it can afford. That fact will not have been lost on public opinion elsewhere in Latin America, and alongside the remonstrations of Sr Castro, it can only encourage opposition parties in many countries in their resistance to IMF-im-posed austerity. And that could make it harder for the IMF to

reach workable agreements with countries like Brazil.

One of the most certain facts about the debt crisis at the moment is that confidence in the international banking systhe international banking sys tem cannot fully revive unless Brazil does have an agreement with the IMF. The present round of talks are make-orbreak ones in another respect

Throughout Latin America a third year of crisis has provoked increasing doubts near the IMF's actual competence and its actual competence and its ability to prescribe the right medicine. Austerity is all well and good, the argument goes, so long as it produces results. But

A third year of crisis throughout the Latin American nations

with living standards still depressed and no real sign of a re-opening of the private loan markets it is hard even for such establishment figures as Sr Jesus Silva Herzog, Mexico's Finance Minister, to argue the IMF prescriptions.

Castro pale into insignificance, and the alleviation of poverty. The Cuban leader's intervention is now emerging as the real In the debt debate has been distinct the counted by both leaders and the talks between Brazil and Latin Governments alike, mainly on the grounds that while Cuba urges default, it is also paying the talks can explore this issue the talks can explore this issue in more depth than in most other previous negotiations. That should eventually produce a result which for better or for worse will set the seal on the decision to limit its debt ser-vice to 10 per cent of export Latiu America for a long tive

# **Men and Matters**

the cry went up and all eyes turned to e group of central turned to e group of central hankers, Otmar Emminger, former president of the West German Bundesbank, Shijuro Ogata, the deputy governor for international reletions at the Bank of Japan, and the U.S. Federal Reserve Board governor, Henry Wallich.

But It was the intrepld Wallich, aged 71, who grabbed the bucket and did what central

the bucket and did what central bankers have been doing best in recent years. He started bailing fast in a determined—and ultimately successful—effort to keep the seething waters of America's mighty Snake River

at bay.

Rafting down dangerous rivers in robber dinghies is all

rivers in robber dinghies is all the rage in America these days—Gary Hart even took a well-publicised trip down the Colorado in pursuit of the Democratic Party's Presidential nomination last year.

So It was not surprising that more than 40 of the economists and government officials attending a conference on the dullar, which finished et the weekend, arganised by the Kansas City Federal Reserve Bank, should jump at the chance to battle the



"Day of action, power black-out, and it'll be Christmas be-fore we know it."

the Rockies.

Appropriately it was left to Juhn Wilson, chief economist of the troubled Bank of America, to demonstrate that America, to demonstrate that disaster can be avoided if one keeps a cool head and is prepared.

Swept overboard as the raft plunged through one narrow gorge, he surfaced and was quickly hauled out of the foaming current.

ing current.
Wilson disclosed later he was e trained U.S. Navy frogman.

Acid drops

Dr Bill Binns has mightily up-set the environmental lubby in Britain. His "crime" has been to fail to find any "acid rain" damage in his study of British trees for the Forestry Commis-

sinn.
Friands of the Earth is counter-claiming that one of Britain's best-known trees has now fallen victim to the alleged scourge. The sufferer, they say, is tha old yew in the church-yard at Stoke Poges, Berkshire, beneath which Thomas Gray is caid to have composed his Elegy said to bave composed his Elegy Written in a Country Churchyard.

The Friends shipped in Pro-fessor Bengt Nihlgard from Sweden whose research obligingly provided evidence that British trees had suffered damage.

Binns ripostes by saying: "Drought was the culprit." For the moment the battle pauses there. But the lines have been drawn for a row explained, is the story of tha which can be expected to run Call from California.

rapids of the Snake as it winds "green" vote and a national through the grandeur of the Grand Tetons national park in forests.

A new bundle of regulations with the Delphic title TA Luft 85 is now being pushed into law with great baste and detar-mination by the faderal govern-ment. TA Luft 85 will have the effect of cutting down "grime effect of cutting down "grime emissions" from West Ger-many's chimneys from 400,000 tonnes a year to 240,000 tonnes year.
Tha naw rules are "precau-

tions against environmental dangers not yet even fully realised." explains the interior ministry. The basic principle under-lying them is said to be "the old one that prevention is better than cure."

Legislation against the un-known is, to say the least, un-usual. Which is why the ministry can also claim, hand on beart, that the new rules "have no parallel in world legisletion today."

And by taking this step the West German authorities also conveniently side-step such vexatinus issues as: Does " acid rain" actually exist, or is it simply the product of fertile imaginations? And, if it does exist, where does it come from? And does it damage

#### **Ghost rider**

Just a last tot of Bell's and a swallow of Guinness before closing the books on that epic bid battle.

and run. It will almost certainly ramble on to become an issua in the next General Election.

How differently they manage things in West Germany where they are influenced by the part of the fact that his sympathies were with Raymond Miquel, the Walker stated "Anybody is preferable to Guinness" for ship to Chairman. they are influenced by a big ferable to Guinness."

When ramour abounded that When ramour abounded that Miquel was to be rescued by a White Knight, Walker an nounced that a Californian firm had contacted him to find out tha political situation in Scotland before hidding for Bell.

While refusing all pleas to reveal the name of the company be explained be had given Miquel's telephone number and Miquel's telephone number, and developments might be

Expected.

But the Californian White Knight turned not to ba a phantom which rode away into tha Scottish mists never to be beard of again.

The moral might be that in a bid battle brokers and bankers can have a more tangible contri-bution to make than politicians.

#### **New faces**

Signs are that the forthcoming election of a deputy general secretary for the Transport and Ganeral Workers' Union is going to prove every blt as divert ing as was the recent contest for the general secretaryship.

Joe Mills, who describes him-self as "the leading candidate" for the deputy's post, kicked off his campaign at the weekend by announcing a plan to increase Labour Party membership from 300,000 to more than 6m—at a stroke. Angered at Labour's "appal-ling" membership returns (the

Tories boast more than im) the Mills scheme is for every Labour-affiliated union simply to amend its rules so that its mem-bers would automatically be party members as well unless they contracted out. In terms guaranteed in induce apoplexy at the Freedom Association, Mills says: "This could be done by dividing the full party membership fee by monthly or weekly figures and then add this amount to the normal union con-tribution. Hey, presto: 6m political levy payers become 6m

party members.
Mills, the TGWU's northern regional secretary and chairman of the Northern Region Labour Party, admits his plan is "very radical." But not bad for openers.

**Observer** 

### **NEW INTEREST RATES FOR C&G INVESTORS** Effective from 1st September 1985

**Gold Account** Net % CAR% # Rate%+ \$20,000 or more Anunally 9.50 13.57 £500-£19,999 Annually 9.00 9.00 12.86 \$1-\$499 Annually 7.00 10.00 Chelienham Gold Monthly Interest Account \$20,000 or more Monthly 9.11 9.50 13.57 \$5,000 - \$19,999 Monthly 8.65 12.86 Interest Paid Gross Equivalent % ± Half Yearly Half Yearly Savings Builder 8.00 Immior Account 7.00 10.00 Deposit Account Annually

The rate of interest paid on all other existing accounts on which composite rate tax is paid by the Society will be reduced by 1.25% from 1st September 1985.
Limited company and other deposits subject to basic rate tax will be reduced by 1.25%.

Rates may very. Maximum investment \$250,000. †When interest added to account. ‡Gross equivalent to basic

Cheltenham & Gloucester Building Society

Chief Office: Cheltenham House, Clarence Street, Cheltenham, Gloucestershire. GL50 3JR. Telephone: 0242 36161. Member of the Building Societies Association and Investors Prosection Scheme.
Assots cacced \$2,600 million.

# Scandals, computers and cartels The real fear in

"THE RUSSIANS are buying millions of tons of grain," said the hoarse voice with a strong foreign accent. "The market will explode shortly."
"Who are you?" I asked.
"Are you core? There's been

no rise in grain prices in Chlcago."

"My name is John Smith, and I was recently with the Soviet grain buying delegation in the U.S.; they have been negotiating buge purchases of grain, I can

assure you."
"Oh." I said dnubtfully.
"Thank you very much, Mr
Smith. "Fil check with market
sources for confirmation." Then I talked to the editor of a Kansas grain magazine who had been given e similar etory had been given a similar etory by a John Smith purporting to he representing the Financial Times. Nowhere could I find any corroboration for Mr Smith's claims.

Thus I missed what would

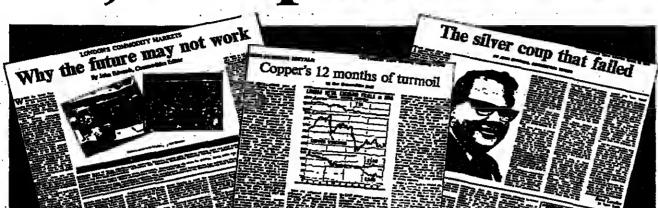
heve been e marvellous scoopheve been e marvellous scoopedvance warning of the greet
Russian grain "robbery" in
1972 when the Soviet Union,
by playing off one grain company against another, bamboozled the U.S. Government
into subsidising the sale of its
entire grain atockpile et knockdown prices just before the
failure of the Russian barvest
brought a world shortage of
grain and soaring markets. No
more was beard of Mr Smith,
although there were dark although there were dark rumours that some Russians made e fortune buying Chicago grain futures just before the

Secret skulduggery, scandals and natural disasters are the meat and drink of the world commodity markets, where powerful interests control much of the international trade in vital raw materials and food-

But with bindsight, there beve also been some far-reaching changes over the past 19 years, some of them not always opparent at the time. They include:

 The collapse of the Bretton Woods monetary agreement bringing constant fluctuations in exchange rates. The surge of investment interest in raw materials and the futures markets.

• The dramatic rise, and then the gradual decline, of the most powerful commodity of all—the Organisation of Petroleum Exporting Countries (Opec). Technological changes which Technological changes which futures markets, has bad an have tended to boost production ever greater influence on the of rew meterials, but have at cost of basic raw materials the same time often slowed much to the frustration of pro-



the grain market a surplus of supplies has depressed dollar prices, bitting U.S. farmers hard. But the low prices have not stimulated demand in the way that might have been expected: when translated into other local "weak" currencies grain prices actually went up

Similarly in the gold market, while the dollar price remained fairly static, the cost of gold in countries with weak currencies rose sharply, mining companies in South Africa reaped bumper profits in Rand terms.

The constant fluctuations in exchange rates have also under- mined ettempts by producers.
 and international organisations
 to stabilise commodity prices. · Free market forces bave

triumphed. Producers have learned the hard way that the real price of a commodity, et least in the short term, is not what it costs to produce but what someone is prepared to pay for it.

Inevitably, this has meant that speculative investment, which is such an important part of the growth in demand. ducers, both in developed

Vast improvements in interand developing countries.

national communications. The whole world now knows almost simultaneously of any important political, economic, or climatic news.

Orowing dominance of the dollar as the sole reserve currency for trading in virtually all commodity markets.

All of these factors have had a variety of repercussions but more importantly, they have undermined traditional supply-demand cycles.

Take two recent examples. In the grain market a surplus of supplies has depressed dollar

dustrialised world caught producers in a vice-like grip from which they have yet to escape. Costs of production have gone up, while demand has fallen. Debt problems are forcing many primary producers to step up exports in spite of falling prices, and e succession of good harvests have stilled fears of

world shortages of raw materials and foodstuffs that so much preoccupied commodity writers like me only e few years ego. The main problem now is dealing effectively with surpluses, finding ways to ensure that the grain stockpiles in rich countries is made evali-able cheaply enough to people starving in developing countries.

been outstripping the rise in New technology, including the "green revolution" that helped boost grain yields sub-stantially, has helped boost out-put of virtually all agricultural crops, particularly in developing countries where there is still scope for further consider-

Protectionist policies throughout the world have encouraged farmers to produce more, even at uneconomic prices.

has reduced the volume used, while even greater inroads have been made by substitute manmade materials; plastics, optic fibres and silicon chips. In the lete 1960s base metal producers planned ahead confidently on the assumption of annual growth rates in demand of between 5 and 8 per cent; now they are locky if consumption rises by 1 to 2 per cent.

The pattern of mercury

The pattern of mercury consumption had totally changed. Cobait, which soared in price during the late 1970s.

When there were fears of a 1970-80 by Texas billionaire, shortage of "strategic" minerals developing as part of a associates, to corner the silver resources war replacing the cold war, provided another example of the flexibility in demand. Under supply and price pressure, it was found that cobalt could be substituted in many areas, where it had previously been viewed as a outlet for silver consumption), vital, non-replaceable, material. It is now clearer than ever that the rise in production has

The "strategic metals" boom provided a field day for the unscrupplous get-rich quick operators, who preyed on the ignorance and greed of langer per langer investors.

The present prolonged depression in the primary com-modity markets, reflecting e depression in the primary
modity markets, reflecting e
shift in basic supply-demand
fundamentals, has effectively pate and discount supplytorpedoed the bopes of the
developing world that it would
a common developments in
Day-to-day fluctuations in
material supplies to establish e
new economic order. If any
ment and speculative interests
attracted to commodity markets

rises by 1 to 2 per cent.

Ironically the Club of Rome'e predicted date for the world reserves of mercury (quick-silver) being exhausted connicided with a huge gint of supplies that brought prices

The growth of the futures exchanges, and the vogue for eaching protection egainst inflation by investing in raw materials with a basic intrinsic mature, has focused attention on

vital, non-replaceable, material. but the public had the chance all kinds from coins to antique

Equally dramatic, but over a Emerson: "The louder he longer period, was the rise in talked of his honour, the faster the price of gold from a fixed we counted our spoons."

level of \$35 an ounce in 1968 to a free peak of \$850 in 1980 and then back down to \$300. There was the mining and metals boom in the late 1960s and early 1970. Who still remembers Poseidon, the nickel "wonder" share?

President Carter's decision in 1980 to put an embargo on e large chunk of American grain sales to the Soviet Union, as e protest egainst the invasion of Afghanistan, changed the whole pattern of the international grain markets and had con-siderable political repercussions.

Looking back over the past 19 years, the main feature to leap out of the pages is the way in which the price "numbers" have changed.

In June 1966, copper was rising high at £500 a tonne (now it is very depressed at just over £1,000). Tin was £1,270 (now about £9,000). Coffee was £264 (it has recently collapsed to (it has recently collapsed to around £1,700 after reaching e peak of over £3,000). Sugar was £18.50 (£90) a tonne.

At the same time day-to-day market influences appear to heve altered out of all recognition. In the past, e strike on the Zambian copperheit would have sent copper prices searing on sent copper prices soaring on the London Metal Exchange. Now it might cause hardly e

Attitudes bave changed, and

ment and speculative interests attracted to commodity markets as e way of protecting themselves against the devaluation of "paper" money either by inflation or currency changes. They are more interested in monetary developments, like

dity funds, charts and computer forecasting systems, an epigram attributed to Ralph Waldo Emerson: "The louder he

#### Lombard

# the way of EMS

By Samuel Brittan

ingly drawn from the un-reliability of the monetary indicators and the gyrations end uncertainties of monetary policy over the past year, is that the best "intermediate" objective best "intermediate" objective for monetary policy may be an exchange rate one. Thet being so, the EMS is regarded as the single and most comprehensible objective which would enjoy the widest support — and also the most practical way of locking many ntherwise "wet" politicians into support for fancial policies which do not accommodate inflation.

But before EMS supporters throw their hats into the air, they should note one frequently overlooked objection to early British membership. This is the difficulty of maintaining any reasonable sterling EMS

any reasonable sterling EMS parity during the bouts of speculation against sterling which are likely over the runup to the next election over the next two or three years. Unless and until some way is found round this obstacle, government supporters of membership will hesitate before embarking on the formidebie effort which will be required to overcome the instinctive reinctance of the Prime Minister to join.

There is nothing particularly

There is nothing particularly tendentions in supposing that the prospect of e Labour Government could hit sterling fairly hard.
A subtlety, not always

realised, is that Labour does not need to retain its present poli leed for a pre-election run on sterling. Even if there were a strong recovery in Conserva-tive prospects, the temptation to move funds nut of the control of the British Government before en election "just in case" would be very strong. After all, they could always be moved back afterwards if the Conservatives won, or if a non-Conservative government turned out not so bad as the market feared.

THERE IS more support than generally realised inside the British Government, and even in the Treasury, for British about headline falls in the membership of the exchange rate mechanism of the European Monetary System. A lesson that has been increasingly sensitive and rationalisations. But irrespective of propaganda the Government would bave to decide what to do. decide what to do.

The problem would still be there ontside the EMS. On the principle of spreading the pressure, the Treasury's inclination would be to allow some fall in the exchange rate and some increase in interest rates.

This is hardly an inviting preelection prospect. But it is less had than having to take all the pressure on interest rates which might be subject to really swingeing increases if the humiliation of one or more EMS devaluetions in the run-up to the election is to be evoided.

Supporters of the EMS who think they know a way around this problem should write not to me, but either "To the Editor" or the Chancellor or one of the Treasury's knights, all of whom beve a larger etail. for processing correspondence than I cen bope to command.

My own view is that the Government could usefully be much more open about its ex-change rate objectives without joining the EMS. But if it does want to join, its best bet might be some understending "behind the Speaker's chair" with the one political group long committed to the EMS, namely the Alliance. The Alliance might not ehare the Government's indg-ment about the exact parity at which to join, yet I doubt if in practice the difference would be large. Although anything can happen under the bizarre UK electoral system, it is rather unlikely that Labour would beve enough seats to overthrow a Conservative-Alliance front on the issue, whoever formed the government.

No donbt there will in eny event be "responsible" speeches on sterling by Roy Hattersley and even Neil Kinnock. But without some Alliance-Conservative Alliance-Conservative under-standing—which would not pre-vent the two groups battering each other to bits over other issues — the pre-election pres-Ohviously the Conserverives issues — the pre-election pres-would try to blame Labour for sures on an EMS parity could such a run on sterling and make political capital out of the fact.

#### me maken the case the the design of a second section The rating system

From Mr C. Wotkinson From Mr C. Wotkinson
Sir,—Your leader "Tread
warily on rates" (August 19)
implies that many Conservatives, including Ministers, believe that "since rates cannot
be put on a rational basis, they
should be ebolisbed." But it
is far from being the case that
a rating system cannot be be It e rating system cannot netural end rational. It should satisfy three basic requirements. It should be just; it should be practical; and the effects should be beneficial to the community. The concind-ing suggestion in your leader, "a property tax" answers these requirements, and I would define it more precisely as e site value tax such as is already in operation in various parts of the world, including Pennsyl-vania, U.S., South Africa, New

Zealend, Australia, etc.
Site value rating exempts buildings and improvements, end assesses the value of the site clone. It is based upon recognition of the essential difference between values created ference between values created by the community as a whole, and values created by individuals. Take my own house as an example. Its present value stems from its being well maintained, and from improvements made to it by myself. This is an individually created veiue. But the vaine of the site is a different matter. It is a situation value, a community created value. We are well served by public transport. We have several schools nearby. A children's hospital is within five minutes walk, and a general hospital within five minutes by car. Behind the house is a achool sports ground, and beyond that, a golf clnb. I, as on owner occupier, enjoy the benefits of these facilities, and, if I wished to do so, could realiee them in cash by renting site is a different matter. It is if I wished to do so, could realiee them in cash by renting or seiling the property. Now—
I did not put the schools there, nor the golf club, nor did I provide the bus services. The community as e whole provided these services which make my site valueble. Is it not, therefore, right and proper that I ahould pay to the community eccording to those values created by the community, and NOT according to values created by me?

rested by me?
The survey made by the Ratlng and Valuation Association
in 1963, end the revaluation
made in 1973 at Whitstable. demonstrate that site value rat-ing is entirely practicable. Land value maps can be printed and circulated so thet assessments can be compared, and justice

# Letters to the Editor

rational in every way. It is just, practical, and generally bene-ficial, and there is no reason why it should not be introduced as soon as possible. C. W. F. Wetkinson,

121 Leyfield Road, Liverpool.

Currency options

From the Chief Dealer, Options Barclays Bank.

Sir,—Mrs C. Furse (August 19) makes the sweeping statement that "Quite simply over the counter options are considerably more expensive than exchange traded options." From this doubtful premise she goes on to favour exchange traded options over OTC options.

options over OTC options.

In my experience OTC options heve, in the majority of cases, proved to be cheaper than exchange traded options especially after including the bigh brokerage charges involved.

It seems to me that individuals and corporations looking for e genuine bedge for their currency exposure ere much happier with the more precise cover offered by OTC options. Exchange traded options may in some cases be more ettrective to the profesmore ettrective to the profes-sional trader in options who can manage his margin require-ments, or even to the pure speculator but they are not necessarily cheeper even to this apecialist group.

S. K. Marloumian, 29 Gracechurch Street. E.C.S.

Mortgage interest relief

From Margaret Wilkinson Sir,-One of your correspondents of August 21 (1 have lost the paper and his name) con-cludes that the Government loses no revenue from the existence of mortgage interest tax relief because the tax reduction he receives means that he spends more, hence incomes elsewhere are higher, hence the Government receives tax on these incomes. This I think was his argument.

can be compared, and justice seen to be done.

Because buildings and improvements would not be assessed, owners would be encouraged to improve their property, and not be penalised as if they were criminals, as is the case under the present system, and this is to the benefit ten, and this is to the benefit ten.

of the neighbourhood as e paid out £1,000 and his income tax bill would bave been £300 less than otherwise (assuming that he is a basic rate taxpayer). Since MIRAS he pays only £700 and his hullding society re-

and his hullding society receives £300 from the Treasury. (Money is actually paid out from the public sector to the huilding society, this "tax expenditure" seems like a direct subsidy to me.)

In either case he is £300 better off in the year. Let us assume that he epends all this on goods and services. He may, for example, buy a Japanese TV. for example, buy a Japanese TV, the Government will receive VAT but most of the money will go out of the country. Or suppose he employs someone to help in his garden; even if his employee is bonest and declares this income, he could be below the tax threshold and in any case would not pay 100

in any case would not pay 100 per cent tax. It is clear that the Govern-ment does not recoup the reve-nue lost because of the exis-tence of mortgage interest tax relief. Much of the tax savings are spent in the private sector and stay there, or go ebroad.

Margaret Wilkinson. 7, Moor Drive, Leeds.

Flavour buds at work

From Shirley Anderson.

Sir,—John Cherrington (Aug. 20) states that there is no evidence to support the idea that organically grown produce is more nutrions or better tasting, than thet produced under inten-

sive modern systems.

As an organic gardener, may
I offer some observations as to
why organic gardeners and nonorganic farmers are always in disagreement upon this point? Nearly everyone who owns a Nearly everyone who owns a vegetable plot possesses e compost heap, not necessarily because they garden organically, but just in preference to burning weeds, and eventually compost will be incorporated into the soil.

Any freshly picked vegetable will have a higher nutritional content and better flavour than one which has been picked, crated, transported and left

crated, transported and left lying in e shop for several

flavour. Commercial farmers plant FI varieties because they offer maximum return on investment and conform to what vegetables should look

I do believe that compost bas a beneficial effect on soil end commercial farmers have nothing to lose by edding some to their land. Organic however does not necessarily mean superior. I have seen health food shops selling vegetables in such a diseased and deteriorating condition that I wouldn't even consider them fit for the

Shirley E. Anderson, 34 Davey Drive, Hollingdean,

Basket of goodies From Mr K. Bryan

Sir,—Sad to say, Guy de Jonquiere'e High-tech-speak Lombard column (August will probably spread the infec-tion. Lost-for-words information technology men will find this basket of goodies irresistible.

Kenneth Bryan. Hemp Bottom, New Ground, Wiggington, Tring, Herts,

Targeting the audience -From Mr N. Jeffery

Sir,—I refer to your own promotional advertisement in your paper (August 20) end would seek enlightenment on how your target endlence (defined in the ed as those taking "the FT on, say, a Thursday . . or e Friday and ignoring the rest of the week") ignoring the rest of the week")
can possibly be expected to be
received on a Tuesday? Does
the fact that e eimilar advertisement did not appear in Wednesday'e FT indicate wisdom after
the Tuesday event?
For your interest and com-

fort we take two copies of your peper daily. N. T. Jeffery.

B & R Carpet Company. 104-106 Burghley Road, NW5. A daily fix

From Susan Hunter Sir,—I refer to your own advertisement in the edition of (Angust 20).

If you need to boost your circuletion may I remind you that

sie women. I am not e oncea-week man but an FT six-timesa-week woman. So do I not merit a comment? Susan Hunter,

3, Bartok House, 30, Lansdowne Walk, W.11.

This announcement appears as a matter of record only.



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Revolving Acceptance Facility by Tender

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S. G. Warburg & Co. Ltd.

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The Industrial Bank of Japan, Limited

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Banco di Roma

The Dai-Ichi Kangyo Bank, Limited Dresdner Bank Äktiengesellschaft London Stanch

The Mitsui Bank, Limited The Sumitomo Bank, Limited

S.G. Warburg & Co. Ltd.

Yorkshire Bank PLC

Tender Panel Members American Express Bank I.d. Algemene Bank Nederland N.V. Banco di Roma **Banque Belge Limited** 

The Dai-Ichi Kangyo Bank, Limited The Chuo Trust and Banking Company, Limited Deutsche Bank Aktiengesellschaft The Industrial Bank of Jepan, Limited

The Mitsui Bank, Limited The Saltama Bank, Ltd. The Sumitomo Bank, Limited

Dresdner Bank Aktiengesellschaft Lazard Brothers & Co., Limited The Mitsui Trust and Banking Company, Limited

The Sanwa Bank, Limited The Taiyo Kobe Bank, Limited Yorkshire Bank PLC

Tender Panel Agent S. G. Warburg & Co. Ltd.

The Fuii Bank, Limited The Mitsphishi Bank, Limited

The Daiwa Bank, Limited

A P Bank Limited

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N M Rothschild & Sons Limited Standard Chartered Bank S.G. Warburg & Co. Ltd.

August, 1985

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# **FINANCIAL TIMES**

Tuesday August 27 1985



# Trust's \$745m bid for SCM rejected

SCM Corporation, tha New Yorkbased conglomerate, has firmly rejected the \$745m bid from Hanson Trust, the UK group, but has indicated that it is up for sale at the

right price.

SCM shares jumped by another
\$2% to \$68 early yesterday after the
company's weekend announcement that Hanson Trust's \$60-a-share cash offer was "inadequate and is not in the best interests of the company or its stockholders."

The board of SCM believes there could be a much better deal for its stockholders, employees and all the other members of the SCM family" the company said in a brief state-ment from its headquarters on New York's Park Avenue. The SCM board has instructed management to work with Goldman Sachs its investment banker, to explore alternative transactions to seek to maximise value to SCM shareh

Among the possibilities being considered is a management-led leveraged buyout of the company, which at current share prices is worth around \$850m. Before Hanson made its bid nn Wednesday, SCM shares were trading at \$55.

Hanson Trust began its cash ten-der offer yesterday but Wall Street analysts noted that the British company would have to raise its offer substantially if it wanted to acquire SCM, profits and cash flow of which are poised to rebound strongly over the next few years.

Hanson Trust gave no indicatinn yesterday of its future intentions towards SCM. Mr Chris Gunter, a Hanson official, said: "Our offer is nn the table and speaks nor itself." Neither Lord Hanson for Sir Gordon White, head of Hanson's U.S. operations, have yet met SCM's chairman, Mr Paul Elicker, despite

having requested a meeting.

Although SCM's recent financial performance has been disappointing, several Wall Street analysts argue that the company is poised to improve its profitability sharply and that might mean that Hanson might have to offer over \$70 a share if it wishes to win the day.

Mr Ernest Kiehne, the senior investment officer of Baltimore-based legg Mason, said yesterday that he thought that SCM would earn between \$6.50 and \$7 a share in the current linancial year and that would rise to \$7.50 to \$8 a share in 1988,87

1986/87. He said the company's revenues might top \$3bn and it might be earning \$10 a share in three years' time. He noted that it had a very strong cash flow, and its technology in its important titanium dioxide business, where it is the third big-gest producer in the world, was among the most advanced in the world after Du Pont.

#### Black miners' strike looms in S. Africa Continued from Page 1

report of the Reserve Bank, published this week, shows that foreign investors made net sales of securities totalling R236m (\$95m) in the second quarter of the year, reversing the trend of the previous nine months when they had been net

Although no official figures are available since the end of June, Johannesburg stockbrokers estimate that the net outflow exceeded R100m in the week after the declar ation of the emergency and has

However, total long and shortterm capital outflows in the second quarter fell sharply to R9m from R2.45bn in the first quarter, the Re-

The bank's report for the year ended June 1985 says that the current account balance of payments
moved to a surplus of R5.4hn in the
second quarter of 1985 from a deficit of R2hn in the corresponding pePresident, has sent further waves

# Reagan ready to block curbs on shoe imports

tion of the International Trade Commission to curb shoe imports into the U.S., a decision seen in Washington as a key indicator of now the White House intends to respond to the protectionist bandwagon which is expected to gather pace in Congress in the autumn. But in a bid to head off the politi-

cal criticism, which his decision on shoe imports will inevitably provoke, the White House is hinting that the review of trade policy, now under way within the Administration, will result in a decision to take igher stance in enforcing U.S.

trade laws. Questioned about U.S. trade policy yesterday White House Spokes-man Mr Larry Speakes said: "The

certainly be taking a close look at those countries and those cases in which unfair trade practices are used to harm U.S. industries. We will look at it closely and be pre-pared to take steps in those areas." He emphasised that no detailed consideration had yet been given to what actions the Administration

Brazil, Taiwan and Italy would be among the countries affected by any curb on shoe imports.

Mr Speakes said that the President's decision on shoe imports might come as early as Wednesday and certainly by Thursday in order to meet the legal deadline, which calls for publication of the ruling on

PRESIDENT RONALD Reagan is President has always coupled free Friday. Trade officials said that poised to reject the recommendativade with fair trade and we will Congress could overrule the President dent by a majority vote but that such a vote could be vetoed by the White House, requiring Congress to overrule the veto by a two-thirds

Democratic Party political strate-gists are already preparing to make trade a central political battlefield over the next year and the shoe decision is the first White House decision they are taking aim at.

In the party's official response to President Reagan's radio broadcast on Saturday, Senator James Sasser of Tennessee said that if the Presi-dent failed to curb shoe imports "he will in effect be declaring unila-teral disarmament in the intensity-

# UK Treasury plans £4bn cuts to offset extra cash demands

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE UK Treasury has completed ever, the formal series of bilateral plans for about £4bn (\$5.56bn) of public-sector economies for next year, to offset demands for extra

ed, but the Treasury acknowledges that in many cases the extra bills will have to be paid. They arise, for example, from higher-than-expect-ed inflation, rising unemployment or demand for health care.

A series of tough negotiations with spending ministers is now expected, but at the end of it the Trea- ple of years. sury believes it will be able to hit original planning target of £139bn for 1986-87.

However, it is almost certain that the unresolved disputes between the Treasury and spending minisbefore a final decision in Cabinet in

meetings between ministers cannot start until after the Cabinet reshuffle expected early next month. Mr Some of the bids will be contested, but the Treasury acknowledges

Peter Rees, the Treasury Chief Sectors and the linchpin of the spending negotiations, is widely expected to be replaced then.

Whoever is in charge, ministers are certain to be told that there is no room for any slippage from next year's spending total if they want to he able to offer the electorate worthwhile tax cuts in the next cou-

Next year, for example, government oil revenues are likely to fall off sharply from the £13%bn that the Treasury predicted for 1985-86 at the time of the budget. The rise in sterling and weakening oil prices ters will have to be referred to a might quickly erode the £3% but tax "star chamber" of senior ministers cuts pencilled in for 1986-87.

Informal agreement has already the state of the last public-spending White Pataget of £7bn can be met.

Life in hand from a reserve that is and ministers are reasonably confidence of the last public-spending White Pataget of £7bn can be met.

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Life in hand from a reserve that is and ministers are reasonably confidence of the last public-spending White Pataget of £7bn can be met.

Life in hand from a reserve that is dent that this year's borrowing the last public-spending White Pataget of £7bn can be met.

set the reserve for the current year at only half that amount, although it was later increased in the budget.

Some of the increased spending
bids may be paid straight out of the reserve, but the Treasury will be anxious to keep about 15bn of it intact to meet genuinely unforeseen

Some spending departments, in-cluding Defence, will probably be told to try to make economies next year, with an assurance that there will be some money available if they are genuinely unable to do so. The effect of the miners' strike, which pushed last year's borrowing more than £3bn over its target, is likely to add about £500m to this year's total, although ministers have yet to decide how much extra

allowed to borrow. However, the Treasury starts this serve is expected to be adequate to year's spending negotiations with deal with that and other overruns, 28bn in hand from a reserve that is and ministers are reasonably confi-

nationalised industries will be

# AEG raises stake in Olympia equipment subsidiary to 99%

BY JONATHAN CARR IN FRANKFURT AEG, the West German electricals

concern, has resumed virtually full cent share three years ago when ownership of Olympia, its office AEG was struggling against the equipment subsidiary, after three mounting debt burden that finally years of holding a 51 per cent stake. The move is thought to reflect AEG's own improved financial con-

AEG said it had acquired 48 per cent of the Olympia stock held by the Gesellschaft für Elektrowerte, a consortium of the Bosch electricals concern and three banks. One bank

cent share three years ago when 9 per cent to DM 700m. forced it to seek court protection from its creditors.

AEG is back in the black, produdition and its belief that Olympia is cing an operating profit last year of firmly on the road to profit after years in the red.

AEC said it had required 48 are

Olympia was one AEG division still in the red in 1984, with a loss in the world group of DM 70m and one of the 43 per cent stake, but it says of DM 53m in the parent company.

But it is understood that the losses in the communications company, have been cut in the first seven Telenorma, as part of the deal

The consortium took its 49 per months of this year, on sales up by

AEG feels that with a new leader ship team installed at Olympia and with products that complement those manufactured elsewhere in

AEG gives no details of the fi-nancing involved in its acquisition of the 48 per cent stake, but it says

### retains a 1 per cent stake. More spy suspects in Bonn

Continued from Page 1 Herr Tiedge was West Germany's

most senior active counter-intelli-gence official. He would possess de-tailed knowledge of most of Bonn's efforts to counter espionage in West Germany and, according to one offi-cial in Bonn, a "catastrophic" amount of information on Western operations in East Germany.

Hopes that he may only recently dulled yesterday when the Interior Ministry announced that, after starting work in counter-intelli-gence in 1968, he protested loudly when transferred to another branch of the intelligence service in 1976. He complained until being moved back to counter-intelligence in 1979.

She worked in "division two" in the and who is suspected of running presidency, which was responsible for foreign affairs, defence and

security.

Herr Richard von Weizsaecker, the President, is largely a figure-west of Bonn - in the past three bead but the recives regular top-weeks. Herr Tiedge was heading inment. It is feared that Frau Hoeke, who worked in the presidency for who worked in the presidency for more than 20 years, would have had access to diplomatic reports from the East bloc as well as reports from the Federal Security Council, man of the federal intelligence ser-

mand the resignation of the chairfrom the Federal Security Council,
a cabinet-level body which is the
most secret council in the country.
Her arrest and Herr Tiedge's defection came after three other defections those of Fran Sonja Lueneberg, chief secretary for 12 years to
Herr Martin Bangemann, the Economics Minister, Fran Ursula Richter, a bookkeeper to a powerful
right-wing political lobby in Bonn

mand the resignation of the chairman of the federal intelligence service (BND), Herr Herbert Hellenbroich,
Herr Hellenbroich, who has only
been head of the BND for a month,
was Herr Tiedge's immediate boss
in counter-intelligence and he has
admitted to being warned on three
occasions that Herr Tiedge's alcoholism was becoming a security
threat.

Main bank creditors last week
space from debt repayments until
January 17 to allow IMF negotiations, bankers said yesterday.

Main bank creditors last week
space from debt repayments until
January 17 to allow IMF negotiations to continue, but this agreement, which includes a commitment to keep \$16bn in short-term
occasions that Herr Tiedge's alcoholism was becoming a security
threat.

spy network in Germany; and Herr Lorenz Bitzing, a military messen-ger who once worked in the Government's secret atomic bunker southvestigations into these disappear-ances before he defected.

Chancellor Kohl, who is under

# to sell TV units to Viacom for \$500m

By Terry Dodsworth in New York WARNER Communications, the U.S. entertainments group, Viacom International, a leading

The deal will give Warner \$500m cash, with warrants that would allow Warner the option to buy up to 22m shares in Viacom, amounting to about 12 per cent of the cable group's equity. Also included in the purchase price is Warner's 31 per cent interest in Showtime - the Movie Channel, which owns two

owned by Warner Amex, the cable television group held jointly by Warner Communications and the American Express financial ser reached agreement to purchase the half share in Warner Amex that it does not already own, thus opening up the way to the disposal of the

Until last week, the front runner in talks over MTV appeared to be Forstmann Little, which had pro-posed to take MTV private in a buyout agreement at about \$470m. For stmann withdrew its offer last week, however, apparently because it wanted complete control of MTV whereas Warner wanted the option to retain an interest in the music video concern

Warner's share options in Viacom are exercisable at \$70 a share for 1.6m shares, and \$75 a share for 625,000 shares. Viacom's shares closed at \$50% on Friday.

# **Brazilian** finance chiefs quit

banks as soon as possible, they found their way constantly blocked by the Planning Ministry's reluctance to compromise growth by making deep cuts in public spend

had pinned its hopes for a decline in inflation, currently running at 220 per cent a year, on the Finance

Minister staying in his post.
Privately, leading Brazilian and foreign industrialists had expressed their fears in recent days that the departure of Sr Dornelles and his ideological ally, Sr Roberto Gusmao, the Industry and Commerce Minister, would send the inflation rate soaring again. After declining modestly over the past few months, monthly inflation is expected to be back in double figures this month.

Sr Dornelles, aged 50, is the ne-phew of the late Sr Tancredo Neves, Brazil's President-elect who died before be could take office. A tax specialist, be was appointed by his uncle as the "sheriff" of the economy to clean up the disarray left by the former military governmen

Peter Montagnon in London adds: Efforts to keep Brazil's foreign payments flowing until an agreement is reached with the IMF could be jeopardised by the resignations, bankers said yesterday.

# Warner

agreed to sell a package of its televi-sion interests, including its stake in the MTV music video company, to

U.S. cable TV operator.

pay-television services.

The agreement brings to an end a series of complicated negotiations over MTV, which is two-thirds

Viacom said yesterday that it was also proposing to acquire the one-third interest in MTV natworks currently held by the public at a cash purchase price of \$33.50 a share, provided the necessary consents vere obtained.

# Continued from Page 1

deal with the IMF and creditor ing. Watching from the sidelines, the

# THE LEX COLUMN

# When trust is not enough the portfolios they have built un

This year investment trusts have had a lot going against them; ster-ling's strength and the disappoint-ing performance of many overseas markets have meant that the sector has underperformed the All-Share Index by 7 per cent. Yet the average discount to net assets of investment trust shares has narrowed to its lowest in about ten years.

The apparent paradox is resolved by a glance at the frenetic activity within the sector: five bids are now in process, many managements are being ousted and several trusts are restructuring or unitising themselves. The sector is now crawling with speculators, hoping to buy into a trust at 70 or 80 per cent of asset value and to be taken out at 100 per

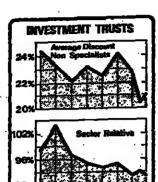
cent. These short-term sharehold-ars are extremely happy to be the subject of a bid. But others, whose holdings date back 15 or 20 years and have amassed punishing capi-tal gains tax (CGT) liabilities, are not quite so thrilled.

#### Takeovers

The activity has been building up in the last few years, almost exactly mirroring the changes taking place in the City, The 2½-day-a week investment trust manager who made his investment decisions on Gleneagles golf course has been finding it harder to count on the support of his institutional friends. Now that the performance of pension funds and insurance companies is under greater scrutiny, they cannot afford to watch their investment trust

Some institutional shareholders have taken trusts over themselves; others have brought in bidders, or forced management changes or unitisation on sleepy trusts. Only in such a cosy sector could companies standing at a discount of up to 40 per cent of the value of their extremely liquid assets have survived so long.

Inasmuch as the threat of takeover is waking up managements, it must be good for shareholders. Trusts the size of which has bred complacency have been forced to realise that they are no longer immune, particularly when rich U.S. investment companies are looking for cheap assets to give them a toe-hold in international fund management. And the fact that some capac-



narrow the discounts still further. If all the current deals go ahead, the sector would shrink by up to Elbn

There is, however, some resent-ment among shareholders, particularly when - like Murray Growth, the most recent example - their trusts have been perfectly well managed and are just being raided for their high-quality assets. Gross funds and individuals who are not liable to CGT are almost always better off, since they are being of-fered a substantial premium to the share price. Usually there enough of these to sway a bid.

But net funds and CGT-paying individuals can find that their tax bill is higher than their profit. When, as with Murray Growth, there is no paper alternative to the cash offer, they have no way of avoiding or spreading the CGT. This is a parti-cular problem when the bidder is a pension fund with no shares to offer. The best a pension fund can do is to provide a loan note which investors can cash in over a number of years, although recently even that option has not been made available to shareholders. When an industrial company bids

for an investment trust as a disguised rights issue - buying the trust with paper and cashing in the assets - the CGT problem may be overcome, but the trust's investors overcome, but the trust's investors the wider share ownership encour-are left with shares of one company aged by offerings like BT might rather than the spread of risk that reignite individual investors' interattracted them to the trust in the Even good managers are not im-

cent discount while supply of gen-eral investment trusts still exceeds Whatever the case against corporate activity there are no signs of its slowing down, although the cast of bidders appears to be changing. The age of the disguised cash call may be over because existing shareholders resent not being offered the chance to participate. And there cannot be that many pension fund trustees willing to undertake the bother and publicity of a bid.

particularly in unquoted compa-

nies. When it comes to mounting a defence, individual shareholders

might feel a certain amount of sen-

timental attachment to managers who have done them well, but it is hard to argue against an offer of 100 per cent of net asset value when the shares stand at a discount. They

can hardly hope to swing local MPs

to protect the jobs of their Japanese

stockpickers. And however good a management is, it can scarcely ever drag its shares above, say, a 10 per

#### Invasion

The bulls are convinced that the American invasion has only just begun. The U.S. investment-trust sector has already been stripped to the point that discounts are now as low as 2 per cent. UK investment trusts must be attractive in the short term for their break-up value or as an arhitrage tool. A company could go short of the U.S. equities in an investment trust's portfolio, buy the trust at a discount and deliver the (cheaper) securities. Alternatively, those American institutions with an eye to a presence in the new City might see the acquisition of an investment trust as a cheap way of moving into the fund-management game, and even selling their exper-tise back to American investors.

tives for saving were introduced in the UK, demand from individual investors ought to help discounts to narrow. Optimists also hope that est in investment trusts. But while investment trusts are not allowed to mune. The fittest cannot always ex- commission for introducing invespect to survive in the investment- tors in the way that their unit trust ity is being taken out of a grossiy trust sector - often they become the rivals do, the odds are always going oversupplied sector may help to most attractive targets because of to be stacked against them.

· If portable pensions or tax incen

## DEALING WITH DEALING SEMINAR - 17th SEPTEMBER 1985 Trickett Associates in conjunction with Price Waterbouse have combined their knowledge and skills to address these major issues. How To PARTICIPATE one-day seminar providing a platform for discussion and exchange of information on a subject of vital concern to the City. We look forward to your participation. Please (elepho write for registration details: Dealing with Dealing' will address in practical way how to: accommodate today's information The challenge facing those responsible for the effective and responsible for the effective and profitable operation of dealing rooms is how to obtain and sustain a competitive edge by making the best use of the three primary resources involved: people, information technology, and the work environment. systems, provide for delivery of amicipated services, incorporate pe systems and new equipment at the dealing desk, and organise for a major instrude of facilities. LOCATION

#### Bomb report clears French agents World Weather Continued from Page 1 tion against those found responsible. In political terms, the credibility of M Tricot says that he did not believe that either the DGSE or its to be challenged in France by Soagents overstepped their instruc-

The right-wing opposition seems unlikely to pursue the affair much further beyond general accusations that the Socialists have brought France into ridicule. The right, when in power, supported the harassment of Greenpeace by the sec-ret services and is a strong supporter of continuing nuclear tests in the

None the less, the affair is unlike-

cialist sympathisers than by the tions.

in a television interview, M Tri-cot said he had "absolutely no idea" who was behind the attack.

While affirming his belief in the innocence of all five French agents under arrest in New Zeeland or In clearing the Government and the DGSE of responsibility, M Tricot said that Commander Alain Mannert was based on "the current fart and Captain Dominique Prieur

now under arrest in New Zealand – and the Ouves crew had been land – and the Ouves cre ly to disappear because of the con- sent on missions to gather more in. New Zealand authorities had comtiming mystery over the circum- formation on Greenpeace's activi- pleted their examination it was imstances surrounding the sinking of ties. They were also asked by the possible to promunce with certain-the boat and the continuing investigations of the New Zealand police. counter-action.

Claire Newman The Factory 84 Marchmont Street London WCIN IME Telephone: 01-388 6586 "Dealing with Dealing" will be held on This September at the City Conference Centre, 76 Mark Lane, London EC3. The cost per delegate is £175 + VAT of £26.25 (total



8 Pitch corrector antertains Sir Alan Marre, 44 The Vale, 1.30 Ferming Outlook, 1.30 Pretenders, 2.30 Sky." 5.00 Oreans, 5.30 Hart To Jazz (S from midnight), 1.00 am Jean Territory, 11.15 You the Jury Pitch corrector antertains Sir Alan Marre, 44 The Vale, 1.30 Ferming Outlook, 2.30 Film: Scotsport, 5.00 Wild Heritage, 5.30 Hart To Jazz (S from midnight), 1.00 am Jean Territory, 11.15 You the Jury Others and Friends, 7.15 Means (9) Shipping Forecast, 1.30 Ferming Outlook, 1.30 Pretenders, 2.30 Sky." 5.00 Oreans, 5.30 Hart To Jazz (S from midnight), 1.00 am Jean Territory, 11.15 You the Jury Others and Friends, 7.15 Means (9) Shipping Forecast, 1.30 Ferming Outlook, 1.30 Pretenders, 2.30 Sky." 5.00 Oreans, 5.30 Hart To Jazz (S from midnight), 1.00 am Jean Territory, 11.15 You the Jury Others and Friends, 7.15 Means (9) Shipping Forecast, 1.30 Ferming Outlook, 1.30 Pretenders, 2.30 Sky." 5.00 Oreans, 5.30 Hart To Jazz (S from midnight), 1.00 am Jean Territory, 11.15 You the Jury Others and Friends, 7.15 Means (9) Shipping Forecast, 1.30 Ferming Outlook, 1.30 Pretenders, 2.30 Sky." 5.00 Oreans, 5.30 Hart To Jazz (S from midnight), 1.00 am Jean Territory, 11.15 You the Jury Others and Friends, 7.15 Weather, 1.30 Ferming Outlook, 1.30 Pretenders, 2.30 Sky." 5.00 Oreans, 5.30 Hart To Jazz (S from midnight), 1.00 am Jean Territory, 11.15 You the Jury Others and Friends, 7.15 Weather, 1.30 Ferming Outlook, 1.30 Pretenders, 2.30 Hart To Jazz (S from midnight), 1.00 am Jean Territory, 11.15 You the Jury Others and Friends, 7.15 Weather, 1.30 Ferming Outlook, 1.30 Pretenders, 2.30 Pretenders, 2.30 Hart To Jazz (S from midnight), 1.00 am Jean Territory, 1.15 You the Jury Others and Friends, 7.15 Weather, 1.30 Pretenders, 2.30 Pretenders, 2 girl-mola, perhaps (9)

# SECTION II - COMPANIES AND MARKETS

# FINANCIALTIMES

Tuesday August 27 1985



# \$200m NZI deal marks debut by Kidder Peabody

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT,

KIDDER PEABODY International corporation and some bankers see has emerged as the latest entrant to the blossoming Europote market from German borrowers. But most with the launch of its first deal last German companies are currently eek, a \$200m five-year facility for NZI Corporation.

The deal, one of the larger operations to be launched in a quiet holi-day atmosphere last week, will allow the borrower, New Zealand's largest financial services and insurance concern, to issue notes in Australian dollars as well as in U.S. dollars or other Eurocurrencies.

Up to A\$50m in notes can be issued on Australia's domestic market, where such deals have become common as a means of avoiding the withholding tax payable on bank loans. The proceeds would go to funding the borrower's Australian

For the rest, the facility bears fairly standard terms in the form of a maximum yield on Euronotes sold of 15 basis points, an annual com-mitment fee of 10 basis points and a utilisation fee of 5 points if more than half the notes are returned to

This week should meanwhile see some pick-up in market activity, with the formal launch expected imminently of the \$300m, seven year facility for American Airlines, which is to be led by Bank of America alongside Bank of Montreal and Sumitomo Bank. Also due shortly are details of the long-awaited \$180m credit mandate from Greece's Public Power Corporation.

very cash-rich and their close ties to domestic house-banks make them particularly reluctant to refinance existing credit lines at lower cost in

Last week also saw the launch of another deal from an unusual quarter in the form of a \$50m, 10-year facility for the Finnish industrial concern Rauma-Repola. This carries a \$22m backstop facility with a commitment fee of 10 basis points and a margin on drawings of 15 ba-sis points over London interbank offered rate (Libor) for the first seven years rising to 20 points thereafter. Lead managers are Citicorp and Kansallis-Osake-Pankki.

The flow of borrowing by British corporations continues with deals last week from S. & W.Berisford and Fisons leading up to a \$100m facility on Thursday for British Printing & Communication Corporation, headed by Mr Robert

The deal's launch coincided embarrassingly with the suspension by Mr Maxwell on Thursday night of publication of his Mirror Group

Sumitomo Bank. Also due shortly are details of the long-awaited \$180m credit mandate from Greece's Public Power Corporation. Bankers believe the ending of the summer holiday period might see the launch of a number of other deals this week, including a \$50m facility for KHD, the German diesel engine, industrial plant and tractor group which earlier this year acquired the agricultural equipment business and credit corporation of Allis-Chalmers in the U.S.  That would be only the second Europote facility from a German	ica alongside Bank of Montreal and	Turnover (\$m)
facility for KHD, the German diesel engine, industrial plant and tractor group which earlier this year acquired the agricultural equipment business and credit corporation of Allis-Chalmers in the U.S.  That would be only the second	Sumitomo Bank. Also due shortly are details of the long-awaited \$180m credit mandate from Greece's Public Power Corporation. Bankers believe the ending of the summer holiday period might see	Straights Conv FRN Officer U.S.\$ 1,507.8 1.2 3,518.0 131.8 Prov 2,862.4 96.2 1,845.2 111.0 Other 886.5 — 16.5 5.9 Prov 1,363.6 0.5 234.6 48.1 Secondary Market U.S.\$ 14,108.7 782.2 13,731.6 1,738.7
group which earlier this year acquired the agricultural equipment business and credit corporation of Allis-Chalmers in the U.S.  That would be only the second	facility for KHD, the German diesel	Other 3,983.6 54.8 739.6 1,778.4
	group which earlier this year acquired the agricultural equip- ment business and credit corpora- tion of Allis-Chalmers in the U.S.	U.S.\$ 10,704.9 23,915.0 34,519.9 Prev 11,236.1 22,440.R 34,675.9 Other 3,857.0 3,598.5 7,446.5
		Week to August 22 1986 Spince: AIBL

### Norwegian group buys **Phillips** offshoot

DET Norske Oljeselskap (DNO), a

small independent Norwegian oil company, announced yesterday that it had acquired GAO North Sea, a subsidiary of Phillips Petro-leum of the U.S. for NKr 400m (\$49m).

The purchase will be financed about 50 per cent by borrowing and 50 per cent from own resources. It gives DNO stakes in four additional blocks (licence areas) on the Neth-erlands continental shelf, it already ad shares in two.

On one of the four just acquired, there is a small oilfield which is due to come on stream in the second quarter of next year. This will make welcome contribution to DNO's cash flow; the company's main source of income at present is its 6.25 per cent share of the UK Heather field, where output has passed its peak and is now declin-

in Norwegian shelf concessions when the former Labour government was in power. Under the present Conservative-led administration it has recently been given small shares in five blocks, one off northern Norway and the others in the North Sea.

 Three Norwegian companies which are market leaders in their respective sectors of the country's profitable beverage and grocery trade have agreed to merge on January 1 next year, creating a new group with a share capital of NKr 130m, around 2,000 employees and a market value of about NKr 1.3bn. The boards of Nora Industrier (beer and soft drinks), Idam (ketch-up, crisps, salad dressings, yeast) and Bjølsen Valsemølla (flour, grain products) have agreed on a merger deal which will give the shareholders of Idun and Bjelsen shares net loss of 696.5m pesos. Mr Harry in Nora, plus a cash payment, in exchange for the shares in their respective companies.

# Activity in Euromarket hits high note

BY MAGGIE URRY IN LONDON

pretty successful week," said one volved.
Eurobond trader before heading off Traders observe that Japanese iety of currency sectors.

Eurodollar market, much still de- sell back into Japan - has been topends on the New York bond mar-wards fatter coupens.

"A sudden reverse there could Mitsubishi Heavy Industries is ket. "A sudden reverse there could mean a lot of bonds heing offered at less two again," says one syndicate same as IADB – for its seven-year manager. Traders were squaring issue, but the issue price was set at their books before the weekend, although taking care not to be short in long-dated and newer issues where the main action has been.

Fat margins are long forgotten in the floating-rate-note market. Investors are beginning to despair of

The rise in Europe has lagged New York, making swaps awkward. But the lack of swaps has brought realism into issue pricing so that by Friday the IADB issue launched on Tuesday was trading around 99%, and even the Reynolds issue was comfortably within its fees. Once more the Eurobond market and France?

is losing borrowers to rival centres.
A number of U.S. domestic deals might have been Eurodollar issues, while the U.S. Student Loan Marketing Association (Sallie Mae) has launched dollar deals in Tokyo, and Dow Chemical says it will also do

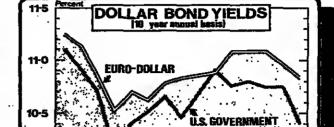
"I THINK we can look back on a and Yamaichi - declined to be in-

for the long weekend. Issuing activ- investors prefer a higher coupon ity has been high and the market and a premium pricing to a lower firm enough to take paper in a vartrend in "sushi" bonds - those While the tone is positive in the launched in Europe but expected to

being offered paper from top-name borrowers which they can buy at a profit - or indeed any paper at all. There is a significant shortage of supply and last week saw only two borrowers, Hungary and Malaysia. They are both improving credits, but what has happened to Sweden

The answer, it seems, is that the main FAN borrowers have done their funding for this year, although there is still scope for refinancing. That leaves the way open for the lesser names to come for relatively cheap money.

After the World Bank's first such are of only 16 basis points above issue – dubbed a "shogun" deal – London interbank offered rate (Limore were bound to follow. Sallie bor), spreading the 77½ basis point Mae ran into some difficulties, fees over the 15 years to the put opthough, as three of the Japanese tion, Hungary has brought its marsecurities houses - Nomura, Nikko gin over Libor down from % per



to be small.

cent to 1/4 per cent since its issue in

Both deals were moving slowly, with bids away from the lead man-agers close to or outside tha full but the paper should get

The success stories of the week have been in the D-Mark and European currency unit market. Far from halting the run in D-Marks, the Bundesbank's interest-rate cut has spurred hopes for more cuts. Secondary market prices of D-Mark Eurobonds gained a round point, or more in places, although lagging

All the week's new D-Mark issues traded well, with the EEC and Fin-

the domestic market.

around par by the weekend, com-pared to the 100% issue price. But Merrill Lynch and Kone's deals were trailing behiod. That sector might also lose busi-

ness to Tokyo. Victoria Public Finance Authority, which had been expected in the Euro-Australian market, now looks set to launch the first Australian dollar shogun.

The Euro-yen dual-curreocy sector saw many more issues again last week. Sallie Mae, which does not seem to be blessed with good fortune, was having difficulty with its issue. Syndicate managers pointed out that the 2 per cent fees were

too low for a 13 year deal. The Swiss franc foreign bond market has not been left out of the small issue with equity warrants from Teijin Seiki ended the week around 105% with allotments likely excitement. Prices have gained as much as a point over the last week, with the World Bank's 20-year 8 per cent issue gaining that much to 100½. The EIB's 5½ per cent issue ed by the strength of the D-Mark sector and other European interest-Dual-currency issues have weak-ened, though, with the dollar's fall.

Kendall's deal ended the week at 96 but it has moved up and recent is- after three days' trading, down sues have been strong gainers. from tha 100 issue price. Two more Here, too, new issues met a good re- deals are dua to start trading this ception, even with many retail in- week - Philip Morris and Mohil

The retail-dominated con-U.S.	BKF B	ink bond a	verage
dollar sectors of the Eurobond mar- ket have again demonstrated the need to bring only the best-loved names. In the Australian dollar sec- tor, IKB, well known to West Ger-	Aug 26 105.319 High 105.329	1985	Previous 105.329 Low 99.840

## Loss triples at Atlas mining group

BY LEO GONZAGA IN MANILA

Mining and Development, the Phi-copper. lippines metals producer, more than tripled to 924.1m pesos (\$50m) in the first half of 1985 compared with 301.3m pesos in the same period of 1985.

For all 1984, the group suffered a latest deterioration in operational results on the continuing depres-

NET LOSSES at Afias Consolidated sion in the world market price of mining operations of Benguet have

The company has reduced copper production in its Toledo property in central Philippines but has expended gold production in its Aroroy property. In the second quarter, Atlas lost 470.81m pesos, compared with 155.6m pesos last year.

Meanwhile, talks between labour and management at the Baguio

collapsed, and the 5,000-strong Na-tional Federation of Labour Unions was expected to declare a strike.

The issue was over a plan of Benguet to lay off 450 of its workers in order to cut costs and losses.

Up to 208 of the workers retired voluntarily and were given substantial benefits, but the 242 others

## Revlon bidder unveils options

BY OUR FINANCIAL STAFF

The Ecu bond market was boost-

rate cuts. Only a couple of weeks

vestors still on holiday.

ago the sector was under a cloud,

PANTRY Pride, the Florida-based and which assets it will retain." \$1.9bn bid for the cosmetics and sets

of the company it will seek to sell out the takeover.

supermarket group, intends to sell The Florida group, whose hid is "substantially all" of the assets of being fiercely contested, said its Revion, except for the company's representatives had contacted potbeauty group, if it succeeds in its ential purchasers for the Revloo as-

health care company.

Separately, Pantry Pride said its
However, Pantry Pride added in offer was conditional oo Revioo
a filing with the U.S. Securities and shedding its "poisoo pill" anti-Exchange Commission that follow- takeover measures. The announceing a successful takeover it "may re- ment raised doubts among analysts vise its intention as to which assets about Pantry Pride's ability to carry

All these securities having been sold, this announcement appears as a matter of record only.

June 1985

# Tricentrol

# **Tricentrol PLC**

(Incorporated in England with limited liability)

£35,000,000

11 per cent. Bonds due 1992

4,725,000 Warrants to subscribe Ordinary Shares in Tricentrol PLC

#### Morgan Grenfell & Co. Limited

Barclays Bank Group **County Bank Limited** Samuel Montagu & Co. Limited

Al-Mal Group BankAmerica Capital Markets Group Baring Brothers & Co., Limited Chase Manhattan Capital Markets Group Daiwa Europe Limited Robert Fleming & Co. Limited Hambros Bank Limited Hoare Govett Ltd. Kidder, Peabody International Limited Lloyds Merchant Bank Limited Mitsubishi Finance International Limited Morgan Stanley International Nomura International Limited N. M. Rothschild & Sons Limited Standard Chartered Merchant Bank Limited Swiss Bank Corporation International Limited S.G. Warburg & Co. Ltd.

#### Goldman Sachs International Corp.

Citicorp investment Bank Limited Deutsche Bank Aktiengesellschaft **Orion Royal Bank Limited** 

> Astaire & Company Limited Banque Paribas Capital Markets Cazenove & Co. Credit Suisse First Boston Limited de Zoete & Bevan Grindlay Brandts Limited Hill Samuel & Co. Limited E.F. Hutton & Company (London) Ltd. Kleinwort, Benson Limited Memil Lynch Capital Markets Morgan Guaranty Ltd. The Nikko Securities Co., (Europe) Ltd. Phillips & Drew J. Henry Schroder Wagg & Co. Limited Strauss, Tumbull & Co. Limited

Union Bank of Switzerland (Securities) Limited

Wood Gundy Inc

This announcement appears as a matter of record only.

July, 1985

# **Baker International** Corporation

U.S. \$200,000,000

**Revolving Credit Facility** 

Arranged by

#### Morgan Grenfell & Co. Limited

Provided by

Algemene Bank Nederland N.V.

Australia and New Zealand **Banking Group Limited** 

Banque Paribas

Banque Nationale de Paris

Bank of Scotland

**Barclays Bank PLC** 

The Industrial Bank of Japan, Limited

Midland Bank plc

Morgan Grenfell & Co. Limited

The Royal Bank of Canada Group

Saudi International Bank Al-Bank Al-Saudi Al-Alami Limited

Swiss Bank Corporation

Toronto Dominion International Limited Westdeutsche Landesbank Girozentrale

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YEN STRAIGHTS
Asian Dav Bk Ps 94.
Avon Products 64, 91.
Denmark 63, 92
Oow Chemical 7 94
EUTORINA 73, 90
Intal 63, 92
(ADB 74, 94
IADB 77, 93
ITT 63, 92
MeDonald Corp 64, 92
New Zealand 73, 90
Mew Zealand 73, 90
Mew Zealand 74, 90
Pacific Gas Elec 7 94
Pennsy J. C. 64, 92
Proctor 64, 92
TRW 7 94
Utd Technology 64, 92
World Bank 7 94
World Bank 7 95

LUDGR STRAGONTS
ASEA 64 89
Eurofina 10 94
O Cost & Steel 107, 94
O Cost & Steel 107, 94
World Benk 109, 89
Beattics Foods 61, 89
Deamark 84, 91
Int Stand Elsa 82, 89
Int Stand Elsa 83, 86
CANADIAN DOLLAR
STRAIGHTS
AMEX 124, 91

Amex 12's 91

Aus1 Resources 11's 92

Bark of Tokya 10's 92

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Nova Scota 11's 95

Amex 12% 91 Aust Resources

ECU STRAIGHTS

issued Price

# Prices rise amid signs of a weak economy

U.S. BOND price rose for the third straight week last week. and short-term rates continued to ease amid aigns that the Federal Reserve opted not to change short-term U.S. monetary policy at its latest Open Market Committee Open Market Committee (FOMC) meeting. The Fed funds rate, having

ended the previous week well obove 8 per cent, traded down for much of last week and appeared to have settled into a 71 to 71 per cent range. The yield on six-month Treasury bills fell by 9 basis points to 7.20, and while yields have not fallen back to the levels of early July, when the markets were owash with talk of an imminent cut in the discount rate, shortterm interest rates hove fallen by around 25 basis points from their early August peaks.

After the sharp setback in bond prices in July, the U.S. credit markets have staged B notable rally this month. The news from Washington continues to prairie a picture of any continues to prairie and continues to prairie news from Washington con-tinues to paint a picture of an economy stumbling along with little signs of strength. Last week's npwards revision in the second-quarter real gross

national product growth rate from 1.7 to 2 per cent was dismissed as an aberration and the evidence of the economy's FOMC meeting had agreed not markets took more notice of the sluggishness plus good news on to make any significant changes

WHEN THE dollar shuffles side-ways so nowadays does the gilt-

The U.S. currency's periodic

bouts of weakness last week did provide the occasional boost for UK bonds. But, with the

apparently conflicting news on

apparently connecting news on the U.S. economy keeping it in its recent DM 2.74 to DM 2.78 trading range, those brokers not on holiday had plenty of time

to watch the cricket.
Short and medium-dsted stocks managed gains of around 1 point but many longor issued ended fractionally lower as the

recent flattening of the yiold

That lacklustre performance did not dent the underlying confidence that the international environment should continue to

favourable for gilt-ed:

Although the upward revision in the second-quarter U.S. GNP figure took the currency markets by surprise, it had only a fleeting impact on the prevailing bearish sentiment towards the

The steep fall in U.S. con- cuts.

UK GILTS

U.S. MONEY MAI	RKET R	ATES (	%) .	: .	
	Last Friday	1 week	4 wks	—12-1 High	DONATE -
Fed Funds (weekly average) Three-month Treasury bills	7.74 7.04	6.13 7.11	7.82 7.10	11.70 10.77	7.10 6.67
Six-month Treesury bills	7.18 7.75	7.30 7.85	7.34 7.76	10.83 11.68	7.33
90-day Commercial Paper	7.85 7.63	7.78 7.70,	7.63 7.63	11.38 11.25	6.95 7.00
U.S. BOND PRICES			(%)		·
	Friday o	Jange O week	Yield	1 week ago	4 wks
Seven-year Treasury	1013	+ 4	10.94 10.61	10.14 10.70	10.47
New 10-year "A" Financial	1014 0/2 0/2	+ 12 + 12 + 13	10.45 10.75	10.52 10.95	(new) 11,30
New "AA" Long industrial		F 13	11.50 11.25	11.65 11.45	11.90 11.95

Doubts over pace of interest rate cuts

confirmed the pessionists in their tors wondering whether the view that the expected hounce gilt-edged market has not

unexpectedly large 2.8 per cent the inflation front, with July

drop in durable goods orders in July.

The figures on the July Index of Leading Economic Indicators—due on Friday — will be important in this context. After rising by 1 per cent in June, analysts are forecasting a rise of around 0.3 per cent. If the figures come in around this level it will be a further sign that the economy has stalled and will probably need lower interest rates to get it going the infiation front, with July consumer prices rising by a mere 2 per cent, has led many analysts to believe that the extherities are becoming more concerned obout stimulating the economy than curbing excess monetary growth.

The minutes of the July FoMC meeting, which were released on Friday, showed that the Fed had voted for "a slight hias towards resisting and will probably need lower interest rates to get it going

sumer durable orders last month

back in the American economy will be relatively weak; and, crucially, that the Fed has little

If the consensus is that trends in international currencies and

in international currencies and interest rates look promising, there is less cortainty over the extent and timing of their transmission to the gilt-edged market. The dollar's fall has been far from smooth and if it does accelerate there must be a limit to how quickly it can drop without the Fed reacting to the

ont the Fed reacting to the inflationary implications.

And the Bank of England has made it clear that it will not be hurried into o base rate cut just because the pound

moves over \$1.40.

Its refusal last week to offer

salo and repurchase agreements to the discount houses to cope

with the huge daily shortages in

the money market chipped ewsy much of the optimism about the

pace of prospective interest rate

scope to tighten policy.

in rates has further to go."
Asido from the novious weakness in the economy, Fed officials are also monitoring the impact of the renewed crisis in

Source: Salamos Bros (estimates).

Money Supply: In the week ended August 12 M1 rose by \$900m to \$603.1bn.

slight hias towards resisting excessive monetary growth." But most analysts, like Salomon interest rates to get it going again.

The combination of fresh predicted that last Tuesday's

That in turn left some inves-

already discounted too much.

The Treasury lins is that, although the pound has heen steady for some timo, a level of oround 82 on the sterling index would not in itself prompt the authorities to lower rates; and

on the domestie front nothing much has changed since the last

The suggestion -- presuming

that economic rather than poli-tical reasoning continues to hold

sway-is that the trigger for the

next cut in rates will have to

be either B renewed surge in sterling's value or some good

Most of the prospective good

news on the domestic front is

already anticipated, particularly

the sharp turn-down in the inflation: rate likely over the

next few months. The Govern-

ment's finances also look in better shape than in recent

There is, bowever, some

domestie indicators.

in monetary policy.

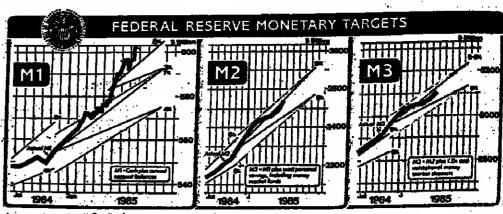
The relatively weak economic numbers and the drop in the Fed funds rate have produced lower interest rates and there are those, like Briggs Schaedle's Philip Braverman, who argue that "the downtrend

the Maryland savings bank industry on the fast growing mortgage-backed securities By the end of the week it was looking increasingly likely that Equity Programs Invest-

ment Corporation (Epic) was Burlington Northern raised \$250m of 30-year debentures et a yield of 11.636 per cent while GMAC's \$500m of 10-year notes going to default on around \$1.4bn of mortgages and mortgage-backed securities. To date the U.S. financial markets have takon the problems relatively calmly but Philip Braverman argues that the Fed's concerns carrying a 10% per cent coupon

Salomon Brothers notes that nearly \$2.2bn of new corporate issues were launched last week and that an unusually heavy proportion," or \$1.2bn, was traditional long-term, fixed-rate bunds.

A wide range of bor-rowers ranging from General Motors Acceptance Corporation (GMAC) to Ford and Dow (GMAC) to Ford and Dow Chemical were raising money. Pacific Bell issued \$400m of 40-year debentures at a yield of 11.51 per cept and Capital Cities Communications, which is taking over ABC, issued \$200m of 12-year notes at a yield of 10.574 per cent.



were offered at 991 to yield 10.477 per cent. Although the credit markets are operating with staffing levels reflecting the summer holiday

season, e number of innovative new debt instruments continue to be brought to the market. Last week the Federal Home

> Dom 125 89 ...

FLOATING BATE

\$800m to European investors. The securities will be exempt from withholding tax. The Small Business Admini-Loan Mortgage Association (Freddie Mac) unveiled a new stration (SBA) also announced

gage Participation Certificate. The agency says that it is the first security "backed excluloans carrying the full faith and credit of the U.S. Government first security "packed multi-sively by newly originated multi-family mortgages." Freddie Mac of fixed-rate SBA loans with a verage life of about five years will trade about ? per centage points ebove comparable U.S. Treasuries while pools of 25-year loans will yield about It points

above comparable U.S. issues.

William Hall

#### FT/AIBD INTERNATIONAL BOND SERVICE

security, the Multi-Family Mort- a new type of security last week

10.57 10.55 11.09 10.00 10.00 10.36 10.11

Sunitomo Corp. 10% 92 100
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Cardes 10% 98
Caste Computer Ff 98
CBS Inc 11% 92
Castruct 5% L 0 10
Chesebrough 12 93
Citicorp 0/S 10% 90
Citicorp 0/S 10% 90
Citicorp 0/S 11% 95
Citicorp 11% 97
Citicorp 0/S 11% 95
Citicorp 0/S 14% 94
CNCA 11% 92
CNCA 11% 93
Construct 11%

house prices. Having so far erred on the sido of caution, however, the Treasury may bave problems in persuading the markets thot a fiscourable report from the In-stitute of Surveyors is more im-portant than what is happening to broad money. Unless of course the ex-change rate is moving in the right direction.

about the stability of the I'S

mounting and this argues for an easier trend in interest rates.

financial system are once again

The improved tone in the U.S. credit markets over the last fortnight has not been lost on

U.S. corporate treasurers, and there was an ovalanche of cor-porate issues last week by com-

panies anxious to lock in lower

brokers' economists suggest that the money supply figures due on September 10 with show

further strong growth in ster-ling M3 during banking August Rowe & Pitman, for example, is

forecasting growth of around

The authorities have temporarily disowned that monetary aggregate, combining their focus on the exchange rate with

the monitoring of a range of other indicators encompassing

everything from narrow money

Initial

aggregate.

Philip Stephens

All these securities having been sold, this announcement appears as a matter of record only.



# Imperial Chemical Industries PLC

registered number 218019)

103/4 per cent. Bonds Due 1992

Issue Price 100% per cent.

Morgan Grenfell & Co. Limited **Banque Paribas Capital Markets** 

Deutsche Bank Aktiengesellschaft

**Nomura International Limited** 

Union Bank of Switzerland (Securities) Limited

Algemene Bank Nederland N.V. Baring Brothers & Co., Limited **Credit Suisse First Boston Limited** 

PK Christiania Bank (UK) Limited Strauss, Turnbuil & Co. Limited

Vereins- und Westbank Aktiengeselischaft

S. G. Warburg & Co. Ltd.

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(Incorporated with limited liability in England under the Companies Acts, 1908 to 1917,

£75,000,000

J. Henry Schroder Wagg & Co. Limited

County Bank Limited

Goldman Sachs International Corp.

Amro International Limited

Generale Bank

Lloyds Merchant Bank Limited Swiss Bank Corporation International Limited

Yamaichi International (Europe) Limited Bank Gutzwiller, Kurz, Bungener (Overseas) Limited Dresdner Bank Aktiengesellschaft. The Nikko Securities Co., (Europe) Ltd. Nippon Kangyo Kakumaru (Europe) Limited

Yasuda Trust Europe Limited

August, 1985

**Grindlay Brandts Limited** Merrill Lynch Capital Markets

corrector entertains Sir Alan Marre, 44 The Vale, The Baron, 5.30 mole perhaps (9) London NW11. girl-mole, perheps (9)

# Henkel issue could raise DM500m

Petrofina

chief dies

suddenly

He was the principal archi-

lect in the expansion of a group which now employs 23,000 people worldwide and in the first half of this year had profits

Mr Demeure joined Petrofina

in 1951 and became an execu-tive director in 1967. He was made chairman of the manage-

ment committee in 1975 and

became group chairman in 1979. Despite a dalliance with the metals industry, Mr. Demeure

kept Petrofina's expansion firmly

within the energy industry and

within strict financial criteria. "We do not accept projects

which have a discounted cash flow of less than 20 per cent."

The key to his management technique was decentralisation

—pick the right man and let him get on with it. "My first master is the personne)," he said, and paid obeisance to it by

of BFr 8,7bn (\$156m).

lcukaemia.

shares and another DM 100m in non-voting stock the same time, by choosing to issue non-voting stock the Henkel family ensures it retains control over the company for now—and proposably for the forseeablo future.

Wilbout that certainty in smost unlikely that the de-condants of the firm's founder Fritz Henkel—there are now 66 of them with a say in the group's future—could have

Shares and another DM 100m in preference stock. The latter will not he offered to the public for now, but it is expected that Henkel will again show a marked profits boost this show

HENKEL. the family-owned West German chemicals concern which invented Persil washing powder, plans a public share issue in October—the first in its 109-yoar-old history.

The offer of a nominal DM 75m (\$27.3m) in non-voting preference shares could raise Henkel close to DM 500m, as well as give a marked fillip to the German "new issue" business.

At the same time, by cheasing the decision of the decisions taken at the German stock exchanges.

The decisions taken at the German stock exchanges.

There is no official word on an an issue price for the shares hut an insulptive precision and prospects could fustify a figure of through an injection of partners' funds (reserves).

Last year group net profits rose by 26 per cent to DM 130m on sales revenue up by 10.3 per cent to DM 9.3bn, Thanks to an internal reorganisation, it is extinctive out that German stock exchanges.

The decisions taken at the German stock exchanges.

There is no officially listed on all German stock exchanges.

There is no official word on an an issue price for the shares hut a

Last year 21 German com-panies came to the stock mar-ket for the first time, a record, but this year the pace has been

The Henkel issue will come as a notable boost. It is one of the largest in recent years, com-parable with those of Porsche, the fast car maker, Nixdorf, the computer manufacturer, and Springer, the publishing bouse.

# Murdoch unveils finance plan

BY WILLIAM HALL IN NEW YORK

MR RUPERT Murdoch, the Aus- both. THE chairman and chief executive of Petrofina, the international Belgian energy products group, Mr Adolphe Demeure de Lespaul, has died suddenly at the age of 58. He had been suffering from loukagnia

ings, Mr Murdoch's master company, is offering to exchange the \$1.35bn of "junk bond" debt which he will be responsible for when he takes control of his new TV empire, for \$1.45bn. Investors will have a choice of either accepting cash for their "junk bands," preferred stock of a subsidiary or a combination of

MR RUPERT Murdoch, the Australian publishing magnate, unveiled plans to offer investors a stake in his U.S. operations as part of a proposed \$1.45hn refinancing of the six U.S. TV stations which he is buying from Metromedia.

Details of the plan have not been completed, but News America Holdings. Mr Murdoch's master company. fering.

> Details of the preferred stock were not available yesterday, and it was not known whether it would be convertible into equity OL emable

> Ever since May when Mr Murdoch and Mr Marvin Davis, the

Denver oil man, announced the

In June Mr Davis dropped out of the deal leaving Mr Murdach to find the money. \$450m is being raised through the sale of a Boston Murdoch's initial investment was limited to \$220m and the assump tion of the \$1.35bn in debt.

### Superfos sees downturn

BY HILARY BARNES IN COPENHAGEN

SUPERFOS, the Danish chemi- its 1985 earnings would nevercals group, has said that 1985 theless be unsatisfactory, according to the interim stateDKr 100m to DKr 175m ment.

(\$17.5m) primarily as a result of a weak market for fertilisers were DKr 84m, after DKr 6m of (\$17.5m) primarily as a result first-half group earnings of a weak market for fertilisers were DKr 84m, after DKr 6m of produced by Royster, the U.S. unrealised foreign exchange fertiliser group acquired last losses, but including DKr 44m

ear. in extraordinary income from Signs of a recovery in U.S. insurance indemnities for a fertiliser prices, capacity re half deficit of DKr 4m, includductions in the U.S. fertiliser in ing DKr 82m in forex losses. dustry and the weakening of the single group of shareholders in the group with some 9 per cent to Rosses. The Bourton are improving but the Bourton are improved to the Bourton ar ductions in the U.S. fertiliser infor Royster are improving but the Royster acquisition.

#### **Bouygues deal** confirmed

By David Housego in Paris

facturer, and the consumer battery interests of Saft, a former subsidiary of the state-

owned CGE electronics group.

BOUYGUES, France's largest construction group, and M Bernard Taple, the maverick French businessman, who has specialised in huying "lame duck" companies, have confirmed that they are to join forces in a new company. forces in a new company
The new venture brings
together Piles Wonder, the
French consumer battery manu-

#### Sun Hung Kai dies after stroke By David Dodwell in Hong Kong

Founder of

MR FUNG KING HEY. one of Hong Kong's leading bustness figures, died yesterday almost three weeks after being hospitalised in Canada with a stroke. Mr Fung was founder and chairman of Sun Hong Kai and Co, one of the Territory's largest and long-established broking and hanking groups. He was 63.

hanking groups. He was 63.

His death comes just months after a major renrganisation of his broking and banking group in which he regained foll executive and equity cootrol for the first time since 1982.

At that time, facing a variety of financial prohiems linked with Hong Kong's collapsing property market, he reached agreement with Merrifil Lynch, the U.S. hanking group, for a joint vecture in his securities and commedities trading business. Compagnic Financiere de Paribas, the French bank, reached a the French bank, reached a similar agreement on his banking operations.

In March this year, Pung Ring Hey regained majority control of Sun Hung Kal when Paribas sold him its 25.5 per cent interest in the company. Merrill Lynch recompany. Merrill Lyuch remains a minority partner. At the same time, the Arah Banking Corporation acquired a controlling stake in Sun Hung Kai Bank, leaving Fung King Hey as chairman with a 25 per cent holding.

At the time, local commentators talked of Fung King Hey having restored hisconical over the group, which

control over the group, which had performed poorly over the past three years. The reorganisation, coupled with major asset disposals, have considerably improved the group's balance sheet, raising expectations of a recovery

Mr Funz was born in Southern China in 1922 and educated in Gnangdong. Ho fled to Hong Kong in 1948. leaving behind a money-changing business, and arrived penalless in the British territory.

He is understood to have made his fortune trading with China through Macao during the Korean war in defiance of a United Nations ban on all trade with the

		NTERN					
Borrewars	Amonat Ip.	Metanity	Au. Etc years	Coupon 4/s	Price	Book Runner	Offer yield %
U.S. DOLLARS							
Fegacus Gold St.	15	1992	7	81/2	100	Bge Gutzwiller, K.B.	8.500
Pogasses Gold St. Pogasses Gold (n) St.	8.656	1492	7	5	109	Bge Gutzwiller, K.S.	5.009
Mackadalar Couter (e) idi b	335	2099	1514	B	160	Goldman Sacks	•
Sackefeller Couter (d)\$	738	2008 1995	1514	8 187/2	22.58 100	Goldman Sachs	
HOS ‡ Klewit E.S. ‡	150	1950	10 5	181/2	100	CSFB	10.500
Phone Charles (% +	100 23.07	1992	4.8	161/4	100	Morgan Guaranty CSFB	10.125 10.258
Phoneix Material Life 2 Phoneix Material Life 2	84.52	1996	91/2	197/4	180	CSFB	18.750
Mart David of Manager (6.1++	200	2090	15	1/4	100	Momera Int.	10.730
Ason W +	75	1992	7	181/4	100	Morgan Guaranty	10.250
R.J. Remeds 1	100	1993		1814	100	UBS (Sees)	10.250
Augus IV † B.J. Reynolds † Salie Man †	188	1956	5	934	100%	Bains Sees.	9.522
Fuji Berik 5	80	2000	15	(234)	160	Faji lot. Fin.	•
Fuji Bank S	29	2008	15	(234)	160	Fair lat. Fig. (H.Kong)	•
Bank of Tokus †	100	1995	16	10%	1011/2	Back of Tokyo Int.	18,190
Malaysia (e) 11	£50	2005	26	<b>1/16</b>	100	Mergan Gueranty	_
Minteysia (e) 11 Mitsubiahi Honey ‡	100	1992	7	181/2	101%	Yamichi Int. (Eur)	10.164
CANADIAN DOLLARS Canadian Pacific ‡	75	1990	5	18%	100	Wood Gundy	18.375
ABSTRALIAN BOLLARS		.62					
MB Finence ‡	38	1998	5	12%	1981/2	Deutsche Cap. Micts.	12.734
Monte Lyach ‡	60	1990	5	13	108%	Merrill Lynch	12.623
Kana Dy ‡	30	1990	5	13	1001/2	Man. Hunover	12.858
NEW ZEALAND DOLLARS  Krafiethank Luc. ‡	56	1988	3	17	109%	Morgan Guaranty	16.662
D-MARKS	-			-			
European Community ‡ Finland ‡	158	1997	12	61/2	99	Doutsche Bank	8.623
Parina Salti 7 Taija Salti 7	. 158 35	1995 1990	18 5	6½ (3¼)	99 100	Dresdner Back Deutsche Bank	6.460
SWISS FRANCS							
Salai Chemical ** §‡	48	1990	_	1%	100	Credit Suisse	1.825
Santan Bactric ** ¶‡	58	1988	-	21/2	100	Credit Suisse	2.875
Tokyo Electric Fewer ‡	150	1993	-	51/2	584	Credit Suisse	5.540
Microbiolo Metal **5	150	1390	_	(15/a)		SEC	•
Metropolis of Tokyo Koba Steel 7	100	1993/95	-	(51/2)	_	UBS	
	100	1250		3	100	Credit Suissa	3.000
FRENCH FRANCS Saine-Bahain ‡	. 300	1992	7	1134	100	Banque Indosusz	11.250
PCUs							
Xerux Canada Fla. ‡	46	1999	5	01/2	100	Banque Paribas	8.500
Ef Aguitaine ‡ Lundachk Eheinland ‡	75	1382	3	83/2	108%	Clase Machetter	8.229
	28	1992	7	9	1001/2	BCL.	8,901
BANGSH KROVER Fis. Just. Danish Ind. ‡	300	1988	5	9%	1001/2	Den Busin Bank	1.119
GULDERS Wassange Maderland **1	50	1990	5	64	99%	Amilio	6,811
LINCHARDUNG FRANCS Darchys Bank "";	100	1950	5	81/4	1801/4	BIL	9.185
YEN					40044		
Ford Motor Credit T	251	1995	10	5	10011/ng	Daiwa Europe	7.898
Mortgage Bt Downark II	28ba	1995	10	71/4	100	Dainea Europe	7.250
Salie Mae II	E Chan	1990	13	71/2	100	Daive Europe	7.500
OKB ##	28he	1096	11	71/2	100	Banque Paribas	7.125
Arheuser-Busch II	11.5ba	1995	10	0_	101	IBJ lest,	7.852
Kerna Dec. Bank \$	30hr	1995	8	6.7	100	Nomes Secs.	6,700
Fotoio Mas 1	25ha	1992	7	6.6	100	Noncura Secs.	6.690

\* Met yet priced. ‡ Final terms. \*\* Private pincement. \$ Commetible. † Finaling rate note. ¶ With equity warrents. ¶ Doni-mare (a) Commetible into gold. (b) ¼s over lim liber. (c) 8¼s first 9¼s yes, then 13¾s. (d) At materity investors can commet or b 7-yr FRM et 100, immediately cullable. (e) ¼ss over lim Liber. Mater Yields are calculated on ABD basis.

WORLD TRADE NEWS

**GLOBAL COMMENT DAILY IN THE FT** 

This announcement appears as a matter of record only



FISONS FINANCE NETHERLANDS BV

Guaranteed by

**EURO-NOTE PROGRAMME** 

Dealers :

FISONS plc US \$50,000,000

**Credit Suisse First Boston Limited** 

Morgan Guaranty Ltd

The Notes will not be registered under the United States Securities Act of 1933

These Notes having been sold, this announcement appears as a matter of record only.

New Issue

May, 1985



#### **COMMONWEALTH BANK OF AUSTRALIA**

(A statutory corporation of the Commonwealth of Australia)

A\$50,000,000 131/4% Notes Due 1990

The Commonwealth of Australia guarantees the due payment of all moneys that are, or may at any time become, payable by the Commonwealth Bank of Australia

Orion Royal Bank Limited

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Commerzbank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

Morgan Guaranty Ltd Sumitomo Finance International

Union Bank of Switzerland (Securities) Limited

Hambros Bank Limited

Amro International Limited

Banque Nationale de Paris

**Credit Suisse First Boston Limited** 

Generale Bank

Kredietbank International Group

Nomura International Limited

Swiss Bank Corporation International

Limited Commonwealth Bank of Australia

U.S. \$150,000,000

Chemical New York Corporation

Floating Rate Subordinated Notes Due 1996

Notice is hereby given that, in occordance with the provisions of the Notes, the interest amount payable on 6th September, 1985 in respect of each U.S. \$10,000 principal amount of the Notes will be U.S. \$201.48.

This payment represents interest accrued for the period from 27th May, 1985 to 26th August, 1985

Credit Suisse First Boston Limited Agent Bank



Ente Nazionale per l'Energia Elettrica U.S.\$300,000,000

Floating Rate Notes Due 2005

Unconditionally guaranteed as to payment of principal and interest by The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8.175625% for the Interest Determination Period 27th August, 1985 to 27th September, 1985. Interest accrued for this Determination Period and payable in November, 1985 will amount to U.S.570-40 per U.S.510.000 Note and U.S.51,760-03 per U.S.\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York £200,000,000 Guaranteed Floating Rate Notes Due 1996 Lloyds Eurofinance N.V.



Lloyds Bank Plc

and that the interest payable on the relevant Interest Payment Date, November 26, 1965 against Coupon No. 5 in respect of £5,000 nominal of

August 27, 1985, London By: Chibank, N.A. (CSSI Dept), Agent Bank

CITIBANCO



**CREDITANSTALT-BANKVEREIN** 

US\$150,000,000 Subordinated Floating Rate Notes 1996

For the six months 27th August 1985 to 27th February 1986 the Notes will carry an interest rate of 81/4% per annum and coupon amount of US\$210.83, payable on 27th February 1986

Bankers Trust Company, London Principal Paying Agent

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FIXED INTEREST STOCKS

RIGHTS OFFERS

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EQUITIES

# Throgmorton waits for Panel ruling on bid

BY MARTIN DICKSON

**Pacific Trust** 

value declines

net asset

THE LONDON based Throgmorton Trust is believed to be
seeking permission from the
Takeover Panel for a relaxation
of the timetable imposed by the
City Code in its fil5m bid for
Scottish Northern Investment
Trust (SNIT).

Panel that the unitisation proposal had all the characterissolute of a bid and should be
ing its bid, unless the Panel gave
permission to extend the deadine. But that date passed early
last week and Throgmorton
appears to be holding off public
the bearstning that at the very
cation until the Panel rules on

Scottish Northern Investment
Trust (SNIT).

This follows SNIT's rejection of Throgmorton bid earlier this month and its counter-proposal that the fund be unitised under the management of Murray Johnstone, the Scottish fund manager. Murray Johnstone and the opportunity to consider certain of its investment trusts simultaneously bought 14.9 psr cent of SNIT's ordinary shares.

Throgmorton is now believed to be arguing that, at the very least, the takeover code time-table governing its bid should month and its counter-proposal be relaxed, with the clock stopped until SNIT's unitisation proposals bave been published. This would give sharebolders the opportunity to consider them alongside Throgmorton's its expected shortly.

Throgmorton is now believed to be arguing that, at the very least, the takeover code time-table governing its bid should month and its counter-proposal be relaxed, with the clock stopped until SNIT's unitisation proposals bave been published. This would give sharebolders them alongside Throgmorton's simultaneously bought 14.9 psr control of SNIT's ordinary shares. Under the takeover code time-table governing its bid should month and its counter-proposal be relaxed, with the clock stopped until SNIT's unitisation proposals bave been published. This would give sharebolders the apportunity to consider them alongside Throgmorton's simultaneously bought 14.9 psr control of SNIT's unitisation proposals bave been published. This would give sharebolders the apportunity to consider them alongside Throgmorton's simultaneously bought 14.9 psr control of SNIT's unitisation. This would give sharebolders the apportunity to consider them alongside Throgmorton's simultaneously bought 14.9 psr control of SNIT's unitisation.

its argument.

The case is breaking new ground for the Panel, since it proposals to be put forward during a contested takeover bid. The view from the SNIT camp appears to be that the proposals stem from its board, rather than Murray, and should therefore not be treated as within the Throgmorton is understood Under the takeover code, not be treated as within initially to have argued to the Throgmorton should have pub- ambit of the takeover code.

# **Ault & Wiborg profits** lifted to £0.33m midway A break-up of the operating profit shows inks contributed £855,000 (£444,000), paints £12,000 (£55,000), chemical and resins £1.31m (£1.48m), container coatings loss £202,000 (£258,000), and environmental engineering £35,000 (£18,000). Group expenditure was £557,000

Despite a substantial increase in interest and similar charges, the Ault & Wiborg Group of printing inks, outomotive paints, and chemical makers has lifted its pre-tax profit from £202,000 to £332,000 in the half-year ended June 30 1935. The group is a subsidiary of the Sun Chemical Corporation of the U.S. During the first six mouths of its life, the Pacific Assets Trust has suffered a decline in net asset value because Asian Pacific stock markers have been depressed in sterling terms. Corporation of the U.S.

But the directors feel that the long-term prospects for the region remain excellent. Asset value at July 31 1985 was 87.00p per share. In June the group announced the sale of its container coating and metal decorating inks business, and early last mouth said it was in discussion for the discussion f The managers have taken a conservative and gradual approach to investment, resulting ln substantial cash reserves being maintained at July 31. posal of its automotive paints operation.

being maintained at July 31.

This puts the trust in a strong position to invest in companies with good long-term prospects.

To facilitate further investment a HK\$50m loan facility has been arranged since July 31.

Against this £4m has been invested in a UK government security.

Operation.

Turnover in the period fell from £38.39m to £36.9m, and the gross profit was down to £9.73m from £10.1m. But lower distribution and administration costs, and redundancies down from £416,000 to £337,000, left the operating profit rising from £1.08m to £1.48m. Interest charges were £1.13m (£880,000).

#### SHARE STAKES

Changes in company share S. P. Hayklan, chairman, purstakes announced over the past chased 100,000 ordinary et 31p week include:

Reism Grann—A. W. Perry, 3 director, sold 93,750 ordinary

Unigroup—I. Goodman, direc. A lin tor, has disposed of 10,000 paid. Land Securities-Lord Samuel on August 21 sold 50,000 ordinary and now holds 500,000.

Garfunkels Restaurants — J. T. Parrish—D. J. Clark, Reginald Kaye, a director, bas sold 400,000 ordinary reducing and now holds 30,800 (4.28 per beneficial bolding to 3m (10.6 per cent). Also Dr Satyendra Singh has declared an interest of 41,500 shares (5.76 per cent).

Emap—R. J. Winfrey, deputy chairman, has disposed of 38,500 A limited voting ordinary fully Property Security Investment Trust — L. N. Tucker, director, has ceased to be interested in 10,000 ordinary.

sion Final, which is making e £150m contested takeover bid for the Glasgow-based Murray Grewth Trust, has attacked Murray'o defence document as In a letter to shareholders, the

st 100 per cent of net asset value is generous, it added. The fund rejected claims that its offer might not reflect the potential of Murray Growth's unquoted investments and described as "usrealistic" the argument that various costs

argument that various costs could reduce by as much as 5 per cent the value of the offer to ordinary shareholders. Murray Growth maintains that because there is no paper alter-native, the fund offer means

Group expenditure was £557,000 (£623,000). Tax takes £250,000 (£100.000) to leave the net profit at £82,000 (£102,000) for earnings of 0.41p

#### COMPANY NEWS IN BRIEF

ALMINIUM WIRE and Cable buted to the company's confi ALMINIUM WIRE and Cable Company has been restructured. Hawker Siddeley Group, which previously owned one-third of the capital has now acquired the whole of the electrical cable and accessories business, while the remainder of AWCO's business (aluminium wire and overhead conductor) has been acquired by conductor) has been acquired by British Alcan Aluminium.

GLEN INTERNATIONAL, the Edinburg-based licensed dealer in securities has acquired 141,000 urdinary shares in Pyke Holdings, the butcher and meat wholesaler, increasing its stake to 8.93 per cent of the ordinary shares,

Breweries remained confident ebout the future of its business, the chairman said at the annual meeting. He reiterated that the current year had started well. The company benefited from tight cost coutrols and greater productivity. An improving beer market share and an excellent trading performance by hotels contri-

#### Murray Growth defence criticised

Merchant Navy Officers' Pen-sion Fund, which is making e

In a letter to shareholders, the fund said Murray's claim that the offer was inadequate could not be justified. "It is generally recognised in the investment community that a cash offer for shares in an investment trust

that shareholders may face sub-stantial capital gains fax liabilities.

liabilities.

However, the fund replied that in talks with Murray, before its bid was launched, it had become clear to both sides that "it would be neither practical nor necessarily in the best interests of shareholders to provide an alternative offer of shares in an ongoing rump' investment trust."

BARING BROTHERS, merchant banker, announces that to end June unandited profit for the six

BORDER & SOUTHERN Stock-

holders Trust's intesert in the ordinary shares of M L Holdings is now 275,000 ordinary (7.41 per cent), held in the name of West Nominees.

991.4

635,04 633,98

987.2

period in 1984.

Fixed Interest.

FT Act All Share.

#### BOARD MEETINGS

beid for the perpose of considering of dividends. Official indications am not of available as to whether the dividends am injections or finals, and the publicions shown below am based mainly on last year's timetable.	on bu edi edi
TODAY	ic:

Beitish
Aerospace...Sept 11 Interim 5,25Brixton Est ...Sept 18 Interim 2,25Bunzi .......Sept 4 Interim 3,26
Sarmah Oil ...Sept 12 Interim 3,5

982.2 972.1

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Securities ... Sept 11

Mackintosh. Sept 20 Interim 3.6 Sadgwick. ... Sept. 6 Interim 3.0 Sime Darby ... Sept. 6 Interim 3.0 Sime Darby ... Sept. 1 Final 6.8 am Simon Eng ... Sept. 17 Interim 3.0 Simon Eng ... Sept. 17 Interim 3.0 Simon Eng ... Sept. 18 Final 2.0 Steedley ... Sapt. 25 Interim 4.5 Superdug ... Sept. 24 Interim 5.75 Superdug ... Sept. 24 Interim 1.7

Villa Faber ... Sept 10 Interim 7.0

lesue since made. † Tex free. § Scrip lesse since made. ¶ Forecest.

127.4 49.18

FINANCIAL TIMES STOCK INDICES

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974.7 1084.5 911.0

#### Resunciation data ensetty last day for dealing tree of szamp duty. A Figure based on prospectus entiments. g Asserted dividend and wield, a Funcial invitated, cover based on previous peer's certains. Indicated dividend; no relates to previous dividend, F/E ratio based on larest enters extralogs. p Figure along the minimum of the properties of the prope 311.3 510.1 322.8 322.3 017.4 309.3 538.8 896.1 635,21 632,16 626,94 628,00 644,21 881,88 644,21 61,92

All these securities having been sold, this announcement appears as a matter of record only

June, 1985



All these securities having been sold,

this announcement appears as a matter of record only.

£50,000,000

# Mitsubishi Finance (Hong Kong) Limited

11 per cent. Guaranteed Notes Due 1990

Unconditionally and Irrevocably Guaranteed by

# The Mitsubishi Bank, Limited

Morgan Grenfell & Co. Limited

Citicorp Investment Bank Limited

Mitsubish! Finance International Limited

Baring Brothers & Co., Limited

County Bank Limited

Girozentrale und Bank der österreichischen

Sparkassen Aktiengesellschaft

Lloyds Merchant Bank Limited The Nikko Securities Co., (Europe) Ltd.

J. Henry Schroder Wagg & Co. Limited Swiss Bank Corporation International

Limited

Chemical Bank International Group

Generale Bank

**Grindlay Brandts Limited** 

Hill Samuel & Co. Limited

Morgan Stanley International

Orion Royal Bank Limited

Shearson Lehman Brothers International

Union Bank of Switzerland (Securities) Limited

General Motors Acceptance Corporation (U.K.) Finance plc

£30,000,000

10½ per cent. Notes due 1990

guaranteed as to payment of principal and interest by

#### **General Motors Acceptance Corporation** (Incorporated in the State of New York, United States of America)

The Issue Price of the Notes is 100 per cent, of their principal amount

Morgan Grenfell & Co. Limited

County Bank Limited

Creditanstalt-Bankverein

Girozentrale und Bank der österreichischen Sparkassen

Grindlay Brandts Limited

Lloyds Bank International Limited

Morgan Stanley International

Merrill Lynch Capital Markets

Orion Royal Bank Limited

The Nikko Securities Co., (Europe) Ltd. Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

S.G. Warburg & Co. Ltd.

8 Pitch corrector entertains Sir Alan Marre, 44 The Vale, girl—mole, perhaps (9)

London NW11.

4.30 Pretenders. 5.00 Selfseye. 5.30 Disty. 7.00 pm A Question of Patts. Parming Outlook. 2.30 Film: Scottsport. 5.00 Wild Heritage. 5.30 Hert. 11.45 That's Hollyw girl—mole, perhaps (9)

London NW11.

# How to clean up in the greasy hair shampoo business

bought not just by people suf-fering from the condition but

the the world are trying to make heedway in efforts to improve the formulations of the pro-

Although technical innovation plays a secondary role in the tolletries business to marketing, the £2bn-turnover sham-poo industry is combing through a crop of novel areas in hair science in o bid to find new products or variants on old ones. products or variants on old ones.
One line of research—so far
largely untapped but which appears to be bristling with
potential—concerns greasy hair.
Shampoos currently on sale that
purport to deal with greasy
locks usually work simply by
containing more detergent.
Techniques to attack greasy
bair in a more scientific way—
for instance by modifying the

for instance by modifying the action of the sebaceous glands in the scalp that secrete an oily substance called sebum—are under study by several glants of the shampoo business such as Procter and Gamble and Colsette Palmolive.

gete-Palmolive.
Other researchers are trying to improve formulations for anti-dandruff champoos, a pro-duct that appeared about 15 years ago and changed virtually overnight the nature of the hairare business.

In a third area of research, relatively large lumps. This

chemists are working on sham-poos geared to people who want to wash their hair particularly collars.

Use of these "frequent-wash," products, which contain especially mild forms of detergent, has grown rapidly in Britain in recent years, mainly among young people.

Timotei, made by Elida Gibbs (owned by Unilever) and Once, produced by Reckitt and produced by Reckitt and Colman, have been introduced to the UK from countries such as the U.S. and Sweden. There, due to e generally greater preoccupation with personal hygiene, "frequent-wash" formulations have proved a hit among people who may turn to the shampoo bottle several times a day.

Research into ingredients that

Research into ingredients that ward off dandruff has paid off handsomely among tolletry companies in the past decade. The companies have developed a range of chemicals that interfers with what is at the root of fere with what is at the root of the dandruff problem—the microscopic yeasts and fungi present in people's scalps.

These organisms affect the natural mechanism by which the scalp sheds skin. Instead of the normal process in which skin flakes away as invisible dust particles, the skin cells in dandard stillenger concells in produces the tell-tale specks that assemble on people's



Although no one has fully explained the link between dandruff and the tiny organ-isms, the chemicals added to anti-dandruff shampoos in some way inhihit the latter's activity. Procter and Gamble uses zine pyrithone, while Colgate-Palmolive includes in its Alert and Guard shampoos a substance called elimbarole called climbazole.

Redemption Notice

A/S Eksportfinans

(Forretningsbankenes Finansierings-Og Eksportkredittinstitutt)

U.S. \$50,000,000 9% Notes Due 1986

NOTICE IS HEREBY GIVEN, pursuant to the trust deed made between the Company and the Law Debenture Corporation, Limited, dated September 21, 1978 under which the above described notes were issued, that Ciribank, N.A. as Paying Agent, has selected by lot for redemption and prepayment on September 15, 1985 \$3,650,000 principal amount of said notes at the redemption price of 100% of the principal amount thereof, together with accrued interest to September 15, 1985. The serial numbers of the notes selected by lot for redemption and

Mr John Hogston, a marketing consultant specialising in tolletries, egrees. "Shampoo is an enormous and highly competitive husiness. You have to sell something different that no one else has got."

According to Dr Rothwell, there are four possible epproaches to greasy hair: · The conventional technique

bought not just by people suffering from the condition but hy others anxious to ward it off.

In Britain, for instance, where the shampoo husiness is worth ebont £100m annually. Procter and Gamble's Head and Shoulders, Vosene (made by Beecham) and All Clear from Elida Gibbs are among the four tives such as oils and onlymers. Elida Gibbs are among the four tives such as oils and polymers.

called climbazole.

Unilever, meanwhile, has its own favourite—octypyrox—an ingredient developed by the Hoechst chemical company in Germany.

Anti-dandruff shampoos have had a big effect on the shampoo husiness. The products are into-selling brands.

According to Dr Philip would be to slow down the rate of production of sebum, a substance chemically similar to cooking oil produced by glands in the scalp. These sebaceous glands—not the same as sweat shampoo scientists has turned in recant years toward formula-

Over.

tions to tackle greasy hair.

"We are in a similar position in trying to combat greasy hair as we were with dandruff 15 years ago," says Dr Rothwell. He thinks that any aciantific breakthroughs in attacking this phenonmanon could give the successful company a lead on its rivals.

Mr John Hogston, a marketing consultant specialising in to the particular point, the glands hurst, infiltrating the oil into the hair. A certain amount of sebum production is entirely natural but in some individuals the glands work overtime, releasing too much oil. Dr Rothwell admits thet interfering with the glands' activity, for instance to stop them secreting sebum, could the powders hased on clay or starch that absorb the oil—the powders would later be trinsed out.

Others in the bair or to try to absorb it selectively. The technique would be analogous—although oi course on a rether smaller perse oil spills from tankers. One possibility is to add to shampoo by them secreting sebum, could activity, for instance to stop them secreting sebum, could activity, for instance to stop them secreting sebum, could activity in the powders would later be which should not be glossed out.

Others in the bair or to try to absorb it into the hair. A certain amount of sebum production is entirely matural but in some oil course on a rether smaller perse oil spills from tankers.

One possibility is to add to shampoo busi-

Others in the shampoo business doubt the wisdom of increased efforts to teckle the problem of greasy hair. Mr Chris Longbottom of the AGB Others in the snampoo ousbe to stop the sebum sticking
to hair. Silicone oils added to
shampoo could form an oilresistant leyer on top of each
hair strand. It could also make
the hair look shinier.

Others in the snampoo ousmeased efforts to teckle the
problem of greasy hair. Mr
Chris Longbottom of the AGB
market research company says
that, in Britain, only about 20
per cent of the shampoo producper cent of the shampoo producin the snampoo ousmeased efforts to teckle the
problem of greasy hair. Mr
Chris Longbottom of the AGB
per cent of the shampoo producmeased efforts to teckle the
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per cent of the shampoo producmeased efforts to teckle the
problem of greasy hair. Mr
Chris Longbottom of the Shampoo producmeased efforts to teckle the
problem of greasy hair. The conventional technique is to sell shampoo that contains more or stronger datergent.

Prohably the most interesting ition is targeted at people who have (or think they have) hair attempt to change the chemical that is excessively oily.



decreasing as people wash their hair more often, so naturally trimming the amount of sebum trimming the amount of sebum in their locks. Over the post 20 years in Britain, the average frequency of washing has roughly doubled to today's level of once every two or three days. The prospects for research into greasy hair look shiny, however, in countries where the average time between washes is rether longer, for instance in France and Spain where the typical person turns

#### Researchers smell success

RESEARCH Palmolive's laboratories attempts to in-troduce new ideas into the company's worldwide tolletry business—which accounts for roughly a tenth of the world shampoo consumption 50,000 tonnes.

Among the areas under study are:

Fragrances. Chemists liaice Tragrances. Chemists liaise with market researchers to come up with new perfumes that Colgate-Palmolive thinks will be especially appealing in shampoo or soap. The Manchester laboratory works in this area with another Colgate-Palmolive research control in Picertowny News centre in Piscataway, New Jersey, and with another branch of the company in Paris that deals exclusively

Herbal extracts for adding fragrances to shampoos are viewed by the company as "a long stayer." It is generally reckoned that bone-marrow shampoos now give people the brush-off while the same may soon be true of products containing every taining egg.

Apple and lemon shampoos have recently proved popular while the market share of lavender formulations has been shaved in recent years. Toothpaste. Colgate-PalmSHAMPOO USE IN BRITAIN

19 per cent 3 per cent 7 per cent

Total exceeds 100 per cent because some homes use more than one Source: Colgete Palmolive

olive scientists think they scored a conp with the devel-opment of dual-acting fluoride additives now in use in the company's dental products. The pastes contain both which stays on the surface of the teeth to reduce decay—and sedium fluoride, which

buries into the enamel to reduce caries below the surface.
Most finoride toothpastes, say the scientists, contain only one agent that stays on the surface and does nothing to protect the interior of the tooth. Current developments in toothpaste research are a closely guarded secret as the company is anxiens to preserve a technical edge on

 Deodorants. While antiperspirants modify the behaviour of the sweat glands (for instance by constricting the mouth of the glands by the action of aluminium salts) deodorants are likely to contain chemicals to attack bacteria likely to breed in people's armpits.

These bacteria are present

as a result both of the moist environment and also due to the incidence in this area of the body of fats and other substances secreted by the opocrine glands, the so-called "scent glands." Colgate-Palmolive re-

searchers, along with other scientists in the tolletries in-dustry, are continually trying to improve on formulations to do this job. A widely used to do this job. A widely used anti-bacterial agent for deodorants is trichloredihydroxypbenoi ether, made by Ciba Geigy. A second chemical that is gaining favour is propylene glycol, which is well known in the food industry as an artificial sweetener,

Research work in toiletries is characterised not so much by giant leaps for mankind but by a lot of little potterings hy which products are gradually improved," says Dr Philip Rothwell, director of research at the Mancbester laboratories.

#### **Forging** ahead in machine tools

ALTHOUGH HAMMER forging has been used for some time to West Germany, now has a sys-tem that uses the multi-die multi-station technique to make dimensionally critical parts like

The machine, which will be seen for the first time at the International Machine Tool ber 17 to 25), will be available in the UK from Rayridge,

Able to handle steel billets from 30 mm to 120 mm in diameter, the machine is available in four eizes and costs between £100,000 and £500,000, including feed and extraction automation. The smallest machine is about the size of two filing cabinets and will produce small parts like Philips or Posi-drive screwdriver blades at 2,800 an hour. Larger, motor car parts can be forged at 600 to 1,000 parts per bour.

These machines use three or four opposed pairs of dies operating at up to 2,000 blows per minute, striking the blank as it rotates and is inched forward, to produce the part in under five ecconds. A normal forging temperature of about 1,150 deg C is achieved with a built-in induction heater.

Since a large number of relatively light hlows are made instead of a few heavy ones in conventional forging, the noise, at a level of about 87dB, is said to be fairly small, total enclosure can reduce this to 70dB.

No special foundations are needed. The relatively low noise level means that no special forge buildings are necessary and the machine could form the start of a pro-duction line. An important advantage

claimed by Rayridge is that parts can be made to much greater accuracy than with any conventional forging process. Often, finish-grinding is the only additional process needed. Significant savings in materials can be made as well as in machine tool operator costs. Furthermore, because parts are struck many times during forging while the part is rotating, no flash (unwanted prousinnes of metal) is pro-

A further advantage is that hy delaying certain of the ham-mer strokes asymmetrical fea-tures can be produced on the

Most of the process is automatic and equipment can be supplied that feeds in the metal continuously forces the parts continuously, forges the parts in 3 string and then cuts them to an accurate volume is fea-sible, with auto-feed to the forge by robot.

GEOFFREY CHARLISH

# Pipeline mole cracks the problem of decaying sewers

the water industry. That view is very different to those of equipment capable of dealing the TUC and CBI which have with the obstructions found on urged extra capital expenditure many connection joints. to create employment and to cope with whot they see as a rapid deteriorstion in the country's infrastructure.

"The picture appeared much bleaker five years ego," says way, then only a modest in-crease in expenditure is required."

This change of outlook is due

This change of outlook is due partly to the development of more accurate methods of surveying and analysing the sewer network. "Until recently, we didn't know exactly bow the country's sewers worked," says Mr Cooper. Now the WRC's Swindon loboratory, with an annual research budget of £7m is developing computer models is developing computer models and instruments to measure flows and velocities within the network. The centre has also published a sewerage rehabiliedvice on bow to plan and carry out renovation.

It emphasises the need for e lective approach to structural failures and overlooding of pipelines, Survey, analysis and pre-emptive rehabilitation pre-emptive rehabilitation should be concentrated on critical eewers. "If major interceptor sewers, deep sewers, or sewers in bad ground fail, the cost of replacement can be five times that of taking remedial action," says Mr Cooper.

"But it makes more sense to leave sewers in the remaining 80 per cent of the network to be the course of the costs of the fail because of the costs of

inspection, for example.

"By retaining as much of the existing system as possible, without incurring massive inspection losses we can make the current capital expenditure of £165m on sewer renovation go 25 per cent further," says Mr Cooper. With annual expendi-Cooper. With annual expendi-ture kept at that level, much of the backlog of repairs should be cleared within 10 years. However, a crucial elemant in that cost-saving exercise is the use of new renovation tech-niques. For example, renova-

until recently by the lack of equipment capable of dealing A range of equipment is now ovailable which can remove

these protrusions before re-lining and can then reopen them. Many of the methods meaker five years ego," says use high pressure water jet of the Water Research Centre's circuit television. "There is e backlog of repair work, but if it is dealy with in water also have is e backlog of repair work, but of existing pipes have also been if it is dealt with in the right limited. Current methods of way, then only a modest increase in expenditure is existing one have reduced

carrying capacity. And, where an overloaded sewage system re-quired a larger diameter pipe, the only option was to dig up the ground ebove, before replacing the sewer.

Now the WRC, with Southern

Water and ALH Systems, part of the Avon Rubber Group, heve developed o device capable of enlarging the existing pipedisruption.

It is being used on a sewer relief scheme in West Sussex

to replace a 9 in diameter concrete sewer with 3 14 in diameter polyethylene sewer, so trebling the pipeline's capacity. the existing pipe, shellering it as it progresses, and forcing the broken pleces into the surrounding soil. This creates e passage through which the machine guides a replacement pipeline of either similar or greater existing concrete pipeline on the West Sussex site is expected to take 22 weeks to replace, an estimated 50 per cent reduction on more traditional techniques. Development costs will not be met by sales to the UK market. However, American contractors bave already bonght a licence to the system, for which UK plant and technology

will be sold. "We have identified the problems of sewer inspection and renovation earlier than any other countries, because our sewers are older," says Mr Cooper. "This gives us a lead on the technology to deal with

those problems." ALISTAIR GUILD

## The thinking fax machine

FACSIMILE MACHINES, which allow pages of information to be sent almost anywhere over e phone line in under a minute, have become even more sophisticated with the introduction of machines by Pitney Bowes, the office especialists, that offer disk

Pitney Bowes believes com-

while a hard disk can eccomodate a further 600 pages. Coupled with an autodialier which can remember 99 fax numbers any or all of the documents can

Pitney Bowes believes com-panies could save money by The model 89000 for example sing an 8900 as a relay device, is a "store and forward" fed by other, simpler fax machine that has an electronic machines in other offices. More

September 13, 1921 and see the man specified print the On September 15, 1985 there will become due and psyable upon each note selected for redemption and prepayment the said redemption price, together with interest accrued to September 15, 1985. Payment of the redemption price of the notes to be redeemed and prepaid will be made in such coin or currency of the United States of America as at the time of payment shall be legal tender therein for the payment of public and private debts and in New York clearing house funds upon presentation and surrender of said notes, with all coupons appertaining thereto legal tender therein for the payment of public and private debts and in New York clearing house funds upon presentation and surrender of said notes, with all coupons appertaining thereto maturing after September 15, 1985, or the Municipal Processing Agency Window, 5th Floor, Chibank, N.A., 111 Wall St., New York, N.Y. 10043. Payment of the notes (subject to maturing after September 15, 1985, or the Municipal Processing Agency Window, 5th Floor, Chibank, N.A., 111 Wall St., New York, N.Y. 10043. Payment of the notes (subject to maturing after September 15, 1985, or the Municipal Processing Agency Window, 5th Floor, Chibank, N.A., 111 Wall St., New York, N.Y. 10043. Payment of the notes (subject to maturing after September 15, 1985, or the Municipal Processing Agency Window, 5th Floor, Chibank, N.A., 111 Wall St., New York, N.Y. 10043. Payment of the notes (subject to maturing after September 15, 1985, or the Municipal Processing Agency Window, 5th Floor, Chibank, N.A., 111 Wall St., New York, N.Y. 10043. Payment of the notes (subject to maturing after September 15, 1985, or the Municipal Processing Agency Window, 5th Floor, Chibank, N.A., 111 Wall St., New York, N.Y. 10043. Payment of the notes to the notes of the note by check drawn on or transfer to an existing account with a bank in New York City.

on and after the date fixed for redemption and prepayment interest on said note will cease to accrue. Coupons due September 15, 1985 should be detached from the note and presented

For A/S EKSPORTFINANS CITIBANK, N.A. as Paying Agent

August 15, 1985

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COPPER 25,000 th, costs/th

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# Monk

#### £31m chemical plant for John Brown

JOHN BROWN has been awarded a major project management, design, procurement and construction contract by Beecham Pharmaceuticals UK division worth around £20m. The new plant will be sited at Irvine, Scotland, and is for the extraction and indication of the extraction and indication tion and isolation of potassium clavulanate—the chemical sub-stance used in the new genera-tion of Beecham penicillus to overcome the growing problem of bacterial resistance to con-ventional antibiotics. John Brown has also won a project manage-ment, design and construction contract from The Boots Company, valued of film, for the second fine chemicals plant to be built on the Boots' Cramlingten, Northumberiand sile. The plant, which will be designed almost exclusively using CAD techniques is scheduled for completion in 1988.

SHEPHARD, HILL & CO and FITZPATRICK & SON (CONTRACTORS) combined forces for the first time to submit a successful £9.05m bid for the successful 19.05m bid for the A414 Stanstead Abbats by pass. Work on the two-year contract for the 4 km dual carriageway awarded by Hertfordshire County Council will begin in September. A feature is construction in pre-stressed and reinforced concrete of two rinducts 90 metres and of two vinducts 90 metres and 380 metres in length crossing in 17 apans the River Lea, British Rail's (Eastern) Hertford Line and the New River. Shephard Hill Les won a further contract for bridgeworks worth 1900,000. West Sussex County Council's design for the Norfolk Bridge of Shoreham-by-Sea comprised a glued segmental concrete deck but Sheward Hill proposes to cross the River Adur using the incremental launch reshod having just completed the advance works at a cost of having just completed the advance works at a cost of £350,000 for a temporary bridge to take the diverted A259. For this Sbephard Hill slid the original deck on to newly-constructed piers during a weekend closure to traffic.

### Swire Haden wins over £21m work in Hong Kong

Kong-based engineering services design and contracting organisa-tion established earlier this year under the joint ownership of Swire Pacific and Haden International.

Largest contract, worth

HK\$56m (56m) is for air conditioning at Queen Mary Hospital,

Poktulam, Hong Kong A 28storey huilding will provide 940

additional beds as well as operat-

ing theatre suites. A separate 12-storey block will house psychiatric patients. The air-conditioning plant will have an overall capacity of 5,000 tons of refrigeration. For Cityplaza Phase II, Swire Haden will install electrical and fire protection services to a value

SWIRE HADEN has received of HK\$65m (£6m), Cityplaza is seven orders worth HK\$235m the shopping complex within (£2£5m) for work in Hong Kong and The People's Republic of development on the north China. The company is a Hong Kong-based engineering services Island. Completion is scheduled design and contracting organisa- for March 1987.

for March 1987.

Orders have also been received for work in two of the Special Economic Zones created by The People's Republic of China. In Zhuhai, an HKS77m (£2.5m) mechanical and electrical conmechanical and electrical contract is for a harbour-side commercial development. In Shumchun electromechanical and fire protection installations worth HK\$4m (10.4m) will be carried out et the China Sun Oil plant. Further work includes contracts for the Hong Kong Housing Authority (total value HK\$5m) Hutchison Whampoo (HK\$5m) and the Tuen Mun Cultural Centre, New Testitoties (HK\$10m).

#### Costain builds houses in Oman

YAHYA COSTAIN LLC, Oman-based subsidiary of Costain Group, has won an £18m contract to construct 250 houses, four schools, ten shops and a mosque at Eausber, Oman, for the Diwan of Royal Court Affairs, Director-ate General of the Capital Municipality. The Bausher Social Housing Project is close to Bausher village in noythern Oman and will be located on 320,000 sq metres of land bounded by mountains to the south and hy mountains to the south and sand dunes to the north.

The bouses will be single-storey units with provision for future extension, both horizontally and

vertically. They will be of plas-tered concrete blockwork con-struction, founded on concreta footings with reinforced concrete roof slab. The window arches will follow. roof slab. The window arches willfollow a traditional Islamic
design and interior features include meranti doors and frames,
terrazzo and ceramic tiling
throughout, aluminium metalwork embellishment and Claustra
relief panels in bays and over
windows External works include
all roads, drainage (both foul and
storinwater), boundary walls,
street lighting and power distribution system. The project is
scheduled for completion by
April 1987.

#### Middle East piling work

Overseas contracts with a com-hined value over 54m have been swarded to CEMENTATION PILING AND FOUNDATIONS, PHING AND FOUNDATIONS, Rickmansworth. Largest, at £3.4m, is for grouting work on the Cairo Waste Water Project as a joint venture with Stent. Cementation will inject grouts to stabilise loose sands and silts on one of the major sewer tunnel contracts, to enable shield the purposition. launching for the tunnelling machines to get underway. Work will commence in September. Already underway is a contract

for grout jacking in Baghdad. Work involves reinstatement of a pumphouse floor which had suffered excessive differential settlement due to scour action below ground. The technique used is to inject grout under controlled pressures below the slab to bring it back to level. The company is part of the Trafsigar House Group.

The A. P. Bessoo division of CRYSTALATE FLECTRONICS bas won an order worth £500,000 from TMC for telephone recieve and fransmitter inserts known as capsules. Besson, based at Hove, will supply the carsules for use in the Statesman and Ambassador oush button tele-phones made by TMC.

Notice of Redemption and Termination of Conversion Rights

#### American Tobacco International Corporation

51/4 % Convertible Guaranteed Debentures Due 1988 (Convertible into American Brands, Inc. Common Stock)

NOTICE IS HEREBY GIVEN that, pursuant to Article Four of the Indenture dated as of Angust 1, 1968 (the "Indenture") among American Tobacco International Corporation (the "Company"), American Brands, Inc. (formerly The American Tobacco Company) ("American") and Margan Guaranty Trust Company of New York (the "Trustee"), under which the Company issued its 5½ % Convertible Guarantsed Debestures Due 1988 (Convertible into American Brands, Inc. Common Stock) (the "Debestures"), and the nimb paragraph of the Debestures, the Company shall redeem on September 17, 1985 (the "Redemption Date") all of the outstanding Dehentures at a redemption price of 100% of the principal amount thereof (the "Redemption Price"), plus accrued interest from August 1, 1985 to the Redemption Date in the amount of \$6.71 for each \$1,000 principal amount of Debentures.

The Dehentures shall become due and payable on the Redemption Date at the Redemption Price plus accrued interest which shall be paid upon presentation and surrender of the Dehentures together with all coupons thereto appertaining maturing after the Redemption Date at the paying agencies listed below.

The Debentures will no longer be outstanding after the Redemption Date and interest on the Debentures will coase to accrue from and after the Redemption Date and the coppour for such interest shall be void.

Porsuant to the Indenture, the principal amount of any Debenture may be converted into shares of Common Stock, of the par value of \$3.125 each, of American ("American Common Stock") at a conversion price of \$18.00 per share. Any holder who elects to convert his Debentures into shares of American Common Stock should surrender his Debentures with all Debentures into shares of American Common Stock should surrender his Debentures with all unmatured coupons thereto appertaining, together with written notice of election executed by such holder that the holder elects to convert such Debentures and specifying the name or names in which the shares of stock deliverable upon conversion shall be registered, with the oddress(es) of the person(s) so named, to one of the conversion agencies at its address specified below. The right to convert the Debentures into shares of American Common Stock will terminate at the close of business on September 17, 1985 (unless the Company shall default in payment due upon redemption thereof), and after that date no further conversions of Debentures can be made.

versions of Debentures can be made.

On July 25, 1985, the last reported sale price regular way of the American Common Stock on the New York Stock Exchange was \$63.875. It should be noted that upon conversion of \$1,000 principal amount of Debentures a helder will receive 55 shares of American Common Stock and, assuming that the last reported sale price regular way of the American Common Stock on the New York Stock Exchange is \$63.875 on the conversion date, a cash amount of \$35.77 in lien of fractional chares. Based on such sale price of American Common Stock on the New York Stock Exchange, such conversion would be valued at \$3,548.90. In contrast, it such holder were to elect to have his Debentures redeemed, he will receive \$1,006.71 for each \$1,000 principal amount of Debentures, which includes interest accrued from August 1, 1985 to the Redemption Date. The value received by converting Debentures into shares of American Common Stock is subject to change based on changes in the market value of American Common Stock. If more than one Deveoture is delivered for conversion by the same bolder, the number of shares and cash amount deliverable upon conversion is based on the aggregate principal amount of the Debentures so delivered.

Dependences so delivered.

Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made at the office of the paying agent within the United States for by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Invernal Reviewe Service ("IRS") and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an exempted IRS Form W.S. certifying under penalties of perjury that the payee is not a United States person, or an executed IRS Form W.9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those bolders who are required to provide their correct taxpayer identification number on IRS Form W.9 and who fail to do so may also be subject to a penalty of \$50, Please therefore provide the oppropriate certification when presenting your securities for payment.

PAYING AND CONVERSION AGENTS

Morgan Guaranty Trust Company of New York
Corporate Trust Office
30 West Broadway
New York, New York 10015 Morgan Guaranty Trust Company of New York P. O. Box ful Morgan House ! Angel Coart London EC2R 7AE England

Morgan Guaranty Trust Company of New York Mainzer Landstrasse 46 6000 Frankfurt-am-Main West Germany Kredietbank S.A. Luxembourgeoise 43. Boulevard Royal

Morean Guaranty Trust Company of New York Avenue des Arts 35 B-1040 Brussels, Belgium Morgan Guaranty Trust Company of New York 14, Place Vendome 75001 Paris, France Bank Mees & Hope N.V. Herengracht 548 P. O. Box 293 Amsterdam, 1000 The Netherlands Atin: Centrale Effecten

Credito Romagnolo S.p.A. Sede Di Milano Via Armorari, 14 20123 Milano, Italy

AMERICAN TOBACCO INTERNATIONAL CORPORATION

August 1, 1985

# Divergent trends in Lloyd's results

BY JOHN MOORE, CITY CORRESPONDENT

IN THE first week of September SYNDICATE PERFORMANCE Lloyd's will announce its insur-ance market results. The indi-cations are that the figures will be bad and the underlying underwriting loss the largest in the market's near 800-year trad-Zero result ing history. 401 #

Figures produced by two groops of Lloyd's underwriting members, who have surveyed most of the 431 insurance syndicates of the market, point to an underwriting loss of £500m for the whole market. for the whole market. How-ever, taking into account investment income earned en premiums of around fabre, Lloyd's could be showing a profit close to 550m, a figure the market has syndicates suggested will be the likely re-sult. That would still repreprofits. ent e fall in profits on the previous underwriting account of

The latest figures Lloyd's will report are those for the 1982 underwriting account. Lloyd's leaves its accounts open for three years to gauge more accurately the extent of insur-ance liabilities on its insurance nolicies an accounting method that also provides considerable tax advantages.

tax advantages.

A closer examination of the figures in the two unofficial studies shows a number of divergent trends. The 1982 underwriting account at Lloyd's has produced extremely good re-

According to the Association of Lloyd's Hembers and Chatset, e company supported by Lloyd's underwriting members, which have both produced league tables, most aviation insurance will have made

The figures produced by Chatset suggest that an average performing aviation syndicate will have produced a return for individual underwriting mem-bers of £1,456 for every £10,000 In the previous underwriting account, the aviation market had furned its performance around from a few less to a 17 Am profit. The indications are that this improvement continued in the 1982 underwriting account as premium rates rose. Underwriters said last year that 1982

and 1963 were the morst years ever from an insurer's point of view because world aviation markets suffered losses of more than \$530m. This year tosses are

running at many secon, but rates continue to time The Charget tables show that the highest return that could be gained in Lloyd's was in the non-market which non-marine market, which specialises in general insurance business. There, underwriting members who formed syndicate 521, which specialised in livestock business, received £7,291 for every £50,000 of this lives cepted on their belief. Overall, however, the mon-marine second did not pro-duce good results for members.

An average return on such and and another the succepted aro-duced a loss of \$801.

The marine market, which in-The majine magnet, which in-super ships and engoes and is traditionally one of the most profitable, magnets in Lleyd's, had another good near. The hest return was panduced by syndi-cate 728, formed as 125 under-writing members. According to the Association of Lloyd's Members; they received \$14.476 for

every £10,000 of business which they accepted.
The asociation's tables show that among the most profitable syndicates at Lloyd's are the so-called "baby syndicates."
Under these arrangements, lines of profitable insurance business were resent to profit condicates. were passed to small syndicates formed of market professionals. Lloyd's has been attempting to cush the practice of baby The association discovere

one insurance where a syndicate in the marine market ed of just three members. was paying out a return of EII,036 for every £10,000 of inevitably, results of the last underwriting account were sub-stantially hit by problems sur-sounding the Richard Beckett Underwriting Agencies com-pany of Minet Holdings. Losses of 1976 from liability hustress of £130m from liability business fell on 1,525 underwriting mem-bers. According to Chatset, the largest less in the market fell on the Beckett syndicate 918, which is suffering losses of 552,348 for every £10,000 of

Association of Lloyd's Mem-bers: Syndicate results: Avail-oble from 11 Buckingham Street, London WC2 60F. Lloyd's League Tables: Available from Chatset Lid. Bridge House 181. Overn Victoria Street, London EC4V 4DD.

#### FINANCIAL DIARY FOR THE WEEK

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or The sub-divisions shown below are based mainly on last year's timetable.

BOARD MEETINGS Dictardar (Drop Foreings)

Licide (Index) (Drop Foreings)

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Cate, SW, 200 Trop. 26 Backlashan
Google, Edinburah, 4.00
BOASH MEETINGS—
Reals:
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CVII Inc.
CVII Inc. rds (Leicester) DIVIDEND A INTEREST PAYMENTS versia Fits Rate Notes 1996 257.54 cts ally Mail and General Treet 15.50. A

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#### Granville & Co. Limited Metional Association of Security Dealers

and Investment Managers

8 Lovas Lane London EC3R SOT Telephone 61-621 1212 Over-the-Counter Market

Prices and details of garvices now evallable on Prestal, page 48146



CREDIT COMMERCIAL DE FRANCE U.S.\$250,000,000 Floating Rate

Notes due 1997

For the interest period
22nd March 1985 to 27th September 1985
the amount payable per US\$10,000 Note
will be US\$445.98. The relevant interest payment date will be 27th September 1985

Listed on the Luxembourg Stock Exchange By: Bankers Trust Company, London Agent Bank



in accordance with the provisions of the Notes, notice is hereby given that the flate of loterest has been fixed at 8/16% for the laterest Determination Period 27th August, 1985 to 27th September, 1985, Interest accrued for this Determination Period and payable on 25th November, 1985 will amount to 11.5.61, 755-58 per U.S.\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York



U.S. \$100,000,000 **Neste Oy** 

Floating Rate Notes Due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 27th August, 1985 to 27th February, 1986 the Rate of Interest will be 89/6% per annum. The interest payable on the relevant Interest Payment Date, 27th February, 1986 will be U.S.\$424-86 for each U.S.\$10,000 principal amount of the Notes.

Agent Bank: Morgan Guaranty Trust Company of New York London

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#### INTERNATIONAL APPOINTMENTS

# Mrs Prager will be new head at Movenpick

BY JOHN WICKS IN ZURICH

En. MARKET

> MR UELI PRAGER, founder and chairman of the international restaurant and hotel group Movenpick, is to be succeeded et the bead of the Zurich-based company by his wife, Mrs Jutta Prager.
>
> Mr Prager, who is 69 and plans a gradual reduction of his ectivities, has announced the service of the internation of the internation of the intention is that she announced the passes to their children. MR UELI PRAGER, founder

plans a gratual reduction of his cattivities, has announced the formation of an executive committee within the group management as a first step in this direction. This committee will consist of Mr Prager as chairman, Mr Wolfgang vom Hagen the first skep to the fir

Mr R. Clayton McWhorter becomes president and chief operating officer, having been senior vice-president of domes-

Mr David G. Williamson is

tic operations.



# Changes Morris

PHILIP MORRIS U.S.A., the tobacco unit of Philip Morris, the U.S. tobacco and drinks group, bas announced the apointment of Mr Douglas H. Nelson (above) as director, Mr Robert L. Mikulay has been appointed director, sales planning. He will report to Mr Nelson. After the merger, which is to merge with Hospital Corpora-be completed on October 28, tion of America, the U.S. shject to Justice Department bospital management group.

Mesnwhile, Hospital Corpora-tion of America bas named Mr Thomas F. Frist Jr as chair-man. He succeeds Mr Donald The appointments are part of Philip Morris's policy of "rotating personnel," the company said. S. MacNaughton who is to remain chairman of the board's executive committee. Mr Frist remains chief executive.

#### Computervision strengthens

management By Our Financial Staff

By Our Financial Staff
COMPUTERVISION, the Massachusetts-based computer-aided
design systems group, has
named Mr Robert L. Geble to
the new posts of chief operating
officer and vice-chairman.
Mr Gable, a member of the
Computervision board since
1974, was vice-president and
group executive of Kidde, a
diversified manufacturer operatnamed vice-chairman, a newly created post. The company described the appointments as "logical promotions."

diversified manufacturer operat-ing in consumer, safety and in-dustrial markets. The company described Mr. Gable as a "very experienced, senior professional manager" and said he would be responsible for "day-to-day operations."

Mr Gable's special strengths would "help us meet the com-plex and demanding challenges of doing business in our industry and worldwide markets," Mr James R. Berrett, president of Computervision,

# Bays to head new company

BAXTER TRAVENOL, the U.S. BAXTER TRAVENOL, the U.S. medical products group which recently won the battle for control of American Hospital Supply Corporation (AHS), its larger rival, has named Mr Karl D. Bays chairman of both the board and the executive committee of the company created by the merger. Mr Bays is chief executive of AHS.

Mr William B. Graham, chairman of Baxter Travenol, is to

man of Baxter Travenol, is to become senior chairman of the board and chairman of the merged company.

Mr Vernon R. Loucks, presi-dent and chief executive officer AHS after a successful \$51 per

Vice-chairmen

WHIRLPOOL Corporation, the

chosen at

Whirlpool

to be completed on October 28, subject to Justice Department agreement, Mr Frank A. Ehmann, president and chief operating officer of AHS, is to be named an executive vice-president of the merged company. Mr Wifbur H. Gantz, execu-

Travenol, is to become an executive vice-president of the new company. Mr Gantz and Mr Ehmann will share the post of chief specialty of the second state of the second of chief operating officer.

of Baxter Travenol, is to be-come president and chief execu-tive of the combined company. bid came after AHS had agreed

# Chief executive chosen for Fairchild Industries

FAIRCHILD INDUSTRIES, the U.S. bousehold products group, has named Mr George Wardeberg and Mr David Whitwam as vice-chairmen.

Mr Fthenakis, who will remain president of the company, succeeds Mr Edward G. Uhl. Mr SEARS, ROEBUCK of the U.S., Uhl will continue to hold the position of chairman.

space divisions of Fairchild and it is these areas which have the greatest potential for growth, the company said.

Mr Poulson, whose successor made 14 per cent of its work-has not been named, said that force redundant and reported a be would not join any company net loss for the first quarter of the company said.

Of the company."

Computervision recently has not been named, said that force redundant and reported a be would not join any company net loss for the first quarter of in competition with Sears. 1985 of \$18.8m (£13.5m).

Fairchild, which is involved U.S. aerospace company, has in a joint development project elected Mr Emannel Fibenakis with Sach-Scanta of Sweden, to the post of chief executive recently announced losses of officer with effect from October \$98.4m for the first six months

The company described the appointment as a "normal progression of succession." Mr Cloud Banker Real Estate, implement the strategic plans: the real estate broker Sears of the company."

APPO}NTMENTS **Mobil Oil finance chief** 

mr K. L. Howard has been appointed finance director of MOBIL OIL COMPANY, UK refining and marketing affiliate of Mobil Oil Corporation. He succeeds Mr J. K. L. Moore, who has elected to retire on September 1 we Howard in the Mobil of the control has elected to retire on september 1. Mr Howard joined Mobil in 1955, rising to his previous position of assistant controller Mobil Europe Inc. in 1978.

Mr Phil Nutburn bas taken over as director of field opera-tions for FACTRON-SCHLUM-BERGER, responsible for Europe and the Comecon countries, plus.
Middle Eastern and African
market sectors. He joins from
LTX, where he has been both
a director of its U.S. industrial business division, and its Euro-pean sales organisation.

Sir Dougles Morpeth has been appointed a non-executive director of AGB RESEARCH. He is chairman of Clerical Medical & General Life Assurance Society and of British-Borneo Petroleum Syndicate, deputy chairman of Brixton Estate and e director of a number of other companies.

He is also chairman of the trustees of the British Telecom Staff Superannuation Scheme.

The BRITISH MUSEUM has appointed Professor Sir John Hale as a trustee from September 1 in succession to Sir Francis ber 1 in succession to Sir Francis Sandilands. Sir John is Profes-sor of Italian History at Univer-sity College London, was chairman of trustees of the National Gailery, 1974-80, and be

promoted a director of CAMBRIDGE MARKET RE-SEARCH Mr Geoff Lambert has joined as general manager and

The Republic of Italy U.S.\$500,000,000 Floating Rate Notes

due 2005
In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 27 August, 1985 to 27 September, 1985, the Notes will carry an interest rate of 8% per annum. The interest payable on the relevant interest payment date, 27 September, 1985 will be IISS 88 oper 18510 000 pomipayable on the relevant interest pay-ment date, 27 September, 1985 wil-be USS68.89 per USS10,000 nomi-nal amount and will be paid only through Cedel SA and Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System, in accordance with the terms of the Temporary Global Note.

27 August, 1985. The Chase Manhattan

from the ADS Research Unit, which be set up six years ago for Quaker Oats.

Mr J. L. Davies has been appointed acting chairman of RCA/ARIOLA, the newly-formed

The BRITISH BOARD OF AGREMENT has appointed Mr Alan G. Thomas to its board of management as sales and market-ing manager. He joins from Wavin Building Products where

· BABCOCK-BRISTOL has proing and sales director. Mr Ken
Todd becomes engineering
director. Mr Bill North joins the
board as contracts director following senior overseas assignments for con Babcock group. Mr Gary Chalmers has become

sales director at THE PHOTO SOURCE.

Mr Marcel Willems, currently technical director of UNI-LEVER's international specialities division in the Netherlands, is to succeed Mr Don Parker as technical director of Van den Berghs & Jurgens, based at the company's beadquarters in company's headquarters in Burgess Hill. Mr Parker is to retire at the end of October. Mr John Owen has been appointed financial director of NEWING HALL, Leeds. He was a partner of Deloitte Haskins

a partner of Deloitte Haskins and Sells, the company's auditors Dr Brian Ellis has been appointed director of marketing for APCEL. He was marketing at Amersham Inter

Mr E. J. Agronson has been appointed chairman of the REJECT SHOP. He is also chairman of W. & F. C. Bonham & Sons, suctioneers.

Chemicals. He was a director of Owen Wade Delmonte. Mr C. R. Underwood has joined

LADBROKE INDEX 986-990 (+8) Based on FT Index Tel: 01-427 4411



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### The appointments were des-scribed by the company as the first step in a plan for a transition in leadership. Mr Jack Sparks, chairman, plans to retire on December 1 1987 and will choose one of the vicechairmen as his successor. Mr Wardeberg was executive vice-president, Mr Whitwam was merchandising manager,

range products. The new positions are effective from September 1.

HILL SAMUEL FINANCE B.Y. . US\$30,000,000 Floating Rate Notes due 1996 visions of the Notes, NOTICE

> Agent Banks Morgan Guaranty Trust Company of New York

IS HEREBY GIVEN that for the Interest Period from 27th August 1985 to 27th February 1986 the Notes will carry a Rate of Interest of 876 or per annum and that the Interest parable on and that the interest payable on the relevant interest Payment

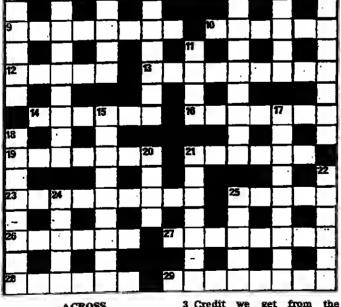
Coupon No. 4 will be US\$431.25.

#### Banco di Roma US\$ 150,000,000

Floating Rate Depositary Notice is hereby given that the Rate of interest relating to the above issue has been fixed at 8.0375 per cent for period 27th August, 1985 to 27th September, 1985. Interest payable on 27th September, 1985 will amount to US\$69.21 per US\$10,000 Deposit and US\$1,730.30 per US\$250,000

Agent Banks Morgan Guaranty Trust Company of New York

# F.T. CROSSWORD PUZZLE No. 5,805



1 Nuts? You'll need these (8) 5 It cuts the pack (3-3)
9 They do not believe in going to fresb fields (8) 10 A turbulent river reach (6)

12 Course types confuse love with lust (5) 13 Here's quality, but in unusual attire (9) 14 Packed egainst the unexpected? (2.4)
16 No inned sanctuary (4.3)

19 Fresh letters of support (7)
21 Private lines to the Queen? (9)

23 Irregularities in e semolina recipe (9)
25 Determined to fight (3-2)

2 Great resourcefulness (9)

3 Credit we Greeks (5) 4 Eeels are wriggling free (7) Girl meets boy—to be con-tinued (7,2)

7 Impressive stamp edged with gold—the last word in France (5) 8 Weather men caught in flurry of sleet (8)

11 Scratch starter (4) 15 Students should draw on his advice (3.6)

18 Honest deal? (8) 29 Prepare to put out with the rising tide (4) 25 Determined to fight (3-2)
26 The edvancement of vegetation (6)
27 Matches here to stay (8)
28 They bold an alternative supposition (6)
29 Main source of strength for e nation (3,5)
21 They bold an alternative supposition (6)
22 He hopes to find you well (6)
23 Sea-air edds a little weight to one (5)
25 Bed to put off retirement (3,2)

DOWN

1 Doesn't sound it but it's hot prize puzzle will be published with names of winners next

INTERACT COMMUNICA-TIONS has eppointed Mr Robin Harris as a main board director 형 향

8 Pitch corrector entertains Sir Alan Marre, 44 The Vale. The Baron. 6.30 News. 6.40 Appeal. 1.30 Farming Outlook. 2.30 girl—mole, perhaps (9) London NW11. 6.45 Mary O'Hara and Friends. 7.15 "Batany Bay." starring James (

girl-mole, perhaps (9)

20

Financial Times Tuesday August 27

8 Pitch corrector entertains Sir Alan Marre, 41 The Vale. The Baron. 8.30 News. 6.40 Appeal. 1.30 Farming Outlook. 2.30 Film: Scotsport. 0.00 Wild Heritage. 5.30 Hart. 17.45 Ther's Hollywood. 12.10 am Challis (S). 3.00-4.00 Gloria Hunniford 12.00-12.15 am News: Wastried Company.

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8 Pitch corrector entertains Sir Alan Marre, 41 The Vale. The Vale. The Vale. The Scotsport. 1.30 Film: Scot

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TATE TO SEE SEE SEE

Financial Times Tuesday August 27 1985

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STERLING INDEX

1.90 pm ..... 2.00 pm ..... 3.00 pm ..... 4.00 pm .....

FORWARD RATES AGAINST STERLING

BANK OF ENGLAND TREASURY BILL TENDER

DOLLAR SPOT-FORWARD AGAINST DOLLAR

1.4025-1.4035 0.50-0.47c pm 1.1285-1.1285 9.28-0.18c pm 1.3635-1.3545 0.12-0.15c dia

Aug 23 | Aug. 165

£97,255 £97,270 34% 12% £ IN NEW YORK

1.3910 3.7966 11.7789 3.1110 327.26

FINANCIAL FUTURES

the idea that the manufacturing

economy is sluggish.

July leading indicators will give agother indication of U.S.

economic performance this Friday, and the July trade figures are published the same day. The market lacked the conviction to push the dollar into a new trading range last week, but unless sections a changes the

but unless sectiment changes the next move seems more likely to be down towards DM 2.70 than

back up to DM 2.80.

# CURRENCIES, MONEY and CAPITAL MARKETS

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DE C	FI.190 FI.77.60	149	6,50 9,70 A 1,40	259	7.50 3.60	e	8,50 B	1,75,20	Sep
KIL P	F1.360 F1.340	10	1.40	19 45	17	10	12,20	F1,328.50	Dec
TAL VOL	UME IN CO		078: 13 C=Bkd	,182 .C=		P=Pv			Pre

	-
U.S. \$50,000,000	-
elli Financial Services Company N.V.	LONDON
(Incorporated with limited liability to the Netherlands Antilles)	Rase rate 7 day int 3mth int
Guaranteed Floating Rate Notes due 1994	Treasury
Unconditionally Guaranteed by	Band 1 B

# Pirelli Société Générale S.A.

Notice is hereby given that the Rate of Interest has been fixed at 87/16% and that the interest payable on the relevant Interest Paymen Date February 27, 1986 against Coupon No. 4 in respect of \$5,000 nominal of the Notes will be U.S.\$215.63.

By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBAN(

FOREIGN EXCHA	NGES
LONDON	FT-SE 100 INDEX \$25 per full Index point
THREE-MONTH EUROPOLLAR	Close High Low Prev
51m points or No.	Sept 131.25 131.25 130.50 130.80 Dec 131.80 131.68 131.45 131.70
Close High Low Prev Sept 52.00 -82.04 91.98 92.04	Estimated volume 77 (103)
Dec 91.66 \$1.74 91.67 91.78 March 91.27 \$1.33 91.26 91.36	Previous day's open int 1,542 (1,863)
June 90.88 -90.88 90.88 90.98	
Sept 90.52 90.62 Estimated volume 2,524 (4,286)	CHICAGO
Previous day's open int 19,915 (19,703)	U.S. TREASURY BONDS (CBT)
THREE-MONTH STERLING	3% \$100,000 32nds of 100% Latest High Low Prev
E500,000 points at 100%  Close High Low Prev	Sept 77-07 77-18 11-05 77-23
Sept 88.74 88.75 89.66 88.60	Dec 76-04 - 76.18 - 76-02 76-20 March 76-03 78-13 75-01 75-19
Dec 29.66 \$8,69 \$9_64 \$9.72	June 74-06 74-13 74-06 74-20
June 89.86 89.82 85.81 89.92	Sept 73-11 73-11 73-10 73-24 Dec 72-17 72-17 72-16 72-30
Estimated volume 1.698 (1.236)	March 72-06
Previous day's open int 7,410 (7,362)	June — — 71.15 Sept — — — 7
20-YEAR 12% NOTIONAL GILT CSD,000 32nds of 100%	Dec 70-08
Close High Law Prev	March — — 69-23
Sept 112-14 112-17 112-09 112-18	U.S. TREASURY RILLS (IMM) Sim points of 100%
Dec 112-27 112-29 112-21 112-27 Merch 13-11 — — 113-11	Latest : High Low Prey
Estimated volume 1.865 (2.157)	Sept 93.01 93.06 93.01 93.06 Dec 92.72 92.78 \$2.70 92.77
Previous day's open int 3,054 (3,253) Basis quote (cleen cash price of 132%	March - 32.78 72.35 92.41
Treatury 2004-06 fear equivalent price of near futures contract) —10 to —3	June :91.99 .91.99 92.04 Sept 91.67 - 91.67 91.73
(32nds).	Sept 91.67 — 91.67 91.73 Dec 91.36 — 91.38 91.44 March — 91.18
STERLING £25,000 3 per £	June 90.92
Close High Low Prev Sept 1.4010 1.4035 1.3970 1.4090	CERT DEPOSIT (IMM) Sim points of 100%
Dec 1.3895 — — 1.3895 March 1.3825 — — 1.3895	Latest Plicit Low Prev Sect — \$2.31 92.26 92.33
Estimated volume 91 (241)	
Previous day's open int 3,314 (3,278) DEUTSCHE MARKS	Marrot 91.58
OM 125,000 8 per DM	June — — 91.17
Close High Low Previent 0.3640 0.3647 0.3627 0.3657	\$ept
Dec 0.3674 0.3682 0.3677 0.3691	THREE-MONTH EURODOLLAR (IMM) 91m points of 100%
Estimated volume 47 (145) Previous day's opes int 257 (239)	Sept 91.92 91.98 91.92 91.99
SWISS FRANCS SWFr 125,000 3 per SWFr	Dec 91.58 91.86 91.87 67.67
Close High Low Prev	June 90.75 90.80   90.74 90.84
Sept 0.4436 0.4430 0.4423 0.4465 Dec 0.4478	Sept 90,36 90,43 90,35 90,47 Dec 90,52 90,07 90,01 90,12
Estimated volume 36 (99)	Merch - 89.77 89.68 89.80
Previous day's open int 206 (206)	June 29.40 29.48 20.38 20.50 STERLING (IMM) Ss per 2
Close High Low Prev	. Latest High Low Prev
Sept 0.4235 0.4233 0.4229 0.4245 Dec 0.4265 — 0.4265	Sept 1,3935 1,4006 1,3920 1,4015 Dec 1,3935 1,3910 1,3813 1,3915
March 0.4277 — — 0.4288	March - 1,3805 1,3760 1,3846
Estimeted volume 43 (27) Previous day'n open int 176 (170)	June 1.3750 — 1.3750 1.3800 Sept — 1.2505

	Aug. 33	change		Aug. 23	change
LONDON Base rates	114	Uneb'd	NEW YORK	910	Unch 'd
7 day Interbank	11014	+4	Federal funds .	7f±	-72
mth interbank	114	+4	3 Min. Treasury Bills	7.27	-0.11
Freasury Bill Tender Sand 1 Bills	11.0011	1+0.100	6 Mith. Treesury Bills	7.66 7.81	-0.16 -0.11
land 2 Bills	iiZ	Unch'd	I MILE CO	1.61	-0.11
land 3 Bills .	līiŭ		FRANKFURT	i .	
and 4 Billn	114	Unch'd	Lombard - · ·	0,5	Unch'd
	11	1+10	One Mith. Interbank		-0.125
Mili., Bank Bille	114	+ <del>1</del>	Three meeth	4.575	0,190
Mth, Bank Bills	112	+ 22	PARIS	•	
DKY0		i.:	Intervention Rate	95a	Uroh'd
ne month Bigg	6.34378	Unch'd	One Mth. Inteebask		+18
hree reonth Billn	6,34375	Upas 'd	Three month	911	+ 1
RUSSELS		İ	MILAN .		
ne month	D1a	<del>  -  }</del>	One month	144	+4
hree month	375	1 1	Three month	14.	+ 4
MSTERDAM			DUBLIN		
ne month	53 58	*			Unch'd
hree month	5数	34	Three month	1012	Unch'd

andon-bend 1 bills meture to e	n to 14 days. 1	hand 2 bills 15	to 33 days.
rand 3 bills 34 to 63 days and ben	d 4 5HIS 64 to 5	91 days, Rates on	motec repre- (
ent Bank of England buying or sa centres rates am generally deposit	blog rates with	the booney marke	L le other
entres rotes am generally deposit	tates in the	location money	market and
hele respective changes during the	WHOK.	it re	
	1 ** 1 ** 4	11 (10	

# Locked in a narrow range

The dollar was locked in a Reserve decides to cut its dis-range of DM 2.74 to DM 2.79 count rate to stimulate the for a fall of little more than 2 last week, and finished little scoomy. changed overall. An attempt to push the dollar above DM 2.79. after a larger than anticipated rise of 2 per cent in revised second quarter Gross National Product, met with a rong selling. but moves to depress the U.S. currency below DM 2.74 proved equally unsuccessful. The U.S. GNP figure was expected to be revised down to about 1.0-13 per cent growth, compared with the earlier estimate of 1.7 per cent. The 2 per cent rise, although much higher than forecast, failed Figures released so far in the present quarter have not suggested that the growth target of the Administration will be met per cent rise in June. The drop this yoar, unless the Federal of 2.8 per cent was a surprise

It is the suspicion that the discount rate will be cut to 7 per cent from 7; per cent in the per cent from 7; per cent in the next few mooths that weighs on the dollar, but out yet to the extent that the currency has moved into a new lower range. The Federal Open Market Committee met last week, but co change appears to have yet taken place in U.S. monetary policy. Or was expected, while MI money supply remains well above the official target range.

Another figure of some concern to the foreign exchange market last week was durable goods orders for July. This is

POUND SPOT-FORWARD AGAINST POUND

	Day's			7.	Three	7
August 22	spread	Close	One month	P.E.	months	p.a.
U.S.	1.3970-1.4065	1,4025-1,4036	9.50-0.47c pm		1.23-1,18pm	3.4
Canada	1.8935-1.8993	1,8935-1.8975	0.21-Q.42c pm	. 2.94	1,20-1,05pm	2.3
Nethind.	4.33 4.35	4.333-4.343	24-24c pm	6.22	67-57-pm	5.5
Belgium	77.85-79.50	78.25-78.35	19-12c pm	2.38	35-21pm .	1.43
Denmark	13,967-14.04	14.00 - 14.01 -	44-Thors pm	3.63	95-81-0m	2.59
treiand	1,2407-1,2438	1,2407-1,2417	0.25-0.10p pm		0.49-0.27 pm	1.2
W. Ger.	3.85-3.864	3.85%-3.85%	Z's-2'spf pm		67-61-pm	0.90
Portugal	228 - 232 2	225 -2312	20-380c din		424-1485dis	-13.60
Spein .	2264-2284	226 - 227 -	30-130c dia	-4.23	125-365dis	-4.8
Italy .	2,5784-2,600	2.587 - 2.589 -			7-14dle	-1.6
	11.413-11.48	11,44-11,45	per-hom dis	-0.39	Z'-3'-dia	-1.90
	11.76%-11.82%	11.78%-11.73%	17e-1c pm .		*pm-1*dis	-0.2
Sweden	11.50-11.56%	11.54-11.55	Fe-Shore dia	-3.51	94-104dis	-3.30
	330 - 332	331-332	13-13y pm		43-4pm	6.0
Austria	27.03-27.13	27.03-27.10	163-143-gro pm		437 <sub>2</sub> -39pm	3.10
Switz.	3.154-3.17	3,15-3,17	21 <sub>2</sub> -17 <sub>2</sub> gro pm	7.58	5 5 5 pm	6.7
Bel	gion rate la li	or convertible	fmncs. Financia	I tmnc	79.15-79.25	
Six	month forwar	d dollar 1.96-	.90c pm. 12-m	ooth 3.0		
ATUEL	R CURRE	MOIEC				
VIDES	1 CURRE	れくにとう				

Aug. 23	. &	•		Note Rates
Argentina Austi. Australia Dollar Brazil Cruzeiro- Ple iand Marida: Greek Drachme Nongkong Dollar Iran Rial Lustembourgfr Maleyzia Ringgit NewZealand Oir, Saudi Arab Riyel Bingapore Dollar Sth African Rand U.A.E. Diriam —	1,9890.1,9930 2,542.2,576 8,2290 8,2556 10,156.165,48 10,9500 8,560 123,37 04947 0,4261 78,28-78,35 3,4550 3,4510 2,1550 0,1298 3,1850 3,1390 3,1850 3,1390	1.4185-1.4205 6.820-6.840 0.8700-5.8720 129.76-132.49 7.8005-7.8026 89 10* 0.50250-0.3026 85.75-55.86 2.4610-2.4635 1.8500-1.8555 3.6509-3.6510 8.2315-8.2833 2.4815-3.5000	Austria Beiglum Denmark France Germany Italy Ispan Netherinnda Norway Portugal Spais Sweden Switzerland Yunited States Yugoslavia	13.27-14.11 11.75-11.86 3.6443.68i 2880.2620 330-354 4.33-4.37 11.42-11.63 223-236 220-230 11.50-11.01 3.15-3.12

Pound Strling U.S. Dollar

0.713

0,259 8,017

0.230 285,0

EXCHANGE CROSS RATES

**CURRENCY MOVEMENTS** CURRENCY RATES

Swiss Franc

Sterling ..... U.S.S. ..... Canadlan S. Austria Sch. Belgian Fr.... Danish Kr.... O mark .....

1.896 1.351

0.436 0.732

20.27. 236.2

56.48 04.74

4E31.

2589. 1846

2196. 617.8

396.1 1000.

1,124

1.878

2,291 3,646

174.9

# WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on August 23, 1985. In some cases rate is nominal. Market rates are the averag4 of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cn) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (no) non monimal; (o) official rate; (sg) selling rate; (c) controlled rate; (g) unified rate.

Algeria	E. Caribbean 8 Australian 8 Schilling Portuga'se Escudo Ba. Dollar Dinar	11.7875 827.00 41.8810 5.79 1.1203(15) 1.2910 27.005	Creenland Crestada Cuadajoupo Ouam Cuetomala Cuinea Cuinea Cuinea Cuyana Haiti	E. Caribbean & Local Franc U.S. S Quetzal Syll Peso	14.01 5.79 11.7870 1.4030 1.4030 53.47	Peru	Dhillanine Been	exe(A)19,512, 24,75
ugoria	iFrench Franc	11.7875 827.00 41.8810 5.79 1.1203(15) 1.2910 27.005	Cuadaloupe	Local Franc U.S. 3 Quetzai Syli Peso	11,7870 1,4030	Pitcaim Islands	& Sterling	24.75
igeria	iFrench Franc	11.7875 827.00 41.8810 5.79 1.1203(15) 1.2910 27.005	Customaie Cuines Cuines-Bissay Cuyana	U.S. S Quetzai Syli Poso	1.4030	Pitoaim Islands	& Sterling	3 6000
ngola	Kwanza. E. Caribbean 3 Australian 3 Schilling Portuga'se Escudo Ba. Dollar Dinar	41,8810 5,79 1,1205(15) 1,2910 27,065 830,00	Customais OuinesSissay Ouyana	Quetzal Syll Poso	1.4030			
ngola	Kwanza. E. Caribbean 3 Australian 3 Schilling Portuga'se Escudo Ba. Dollar Dinar	41,8810 5,79 1,1205(15) 1,2910 27,065 830,00	Cuinea-Bissau	Peso	1.4000		(New Zosialici e	3,000
ntigua	E. Caribbean 8 Australian 8 Schilling Portuga'se Escudo Ba. Dollar Dinar	5,79 1,1203(15) 1,2910 27,065 830,00	Cuyana	Peso	XX 47	Poland		213.69
ustralia	Australian \$ Schilling Portuga'se Escudo Ba. Dollar Dinar	1,1203(15) 1,2910 27,065 830,00	Ouyana		206.88			910.00
ustralia	Australian \$ Schilling Portuga'se Escudo Ba. Dollar Dinar	1,2910 27,065 830,00			5.7785	Portugal	PortugueseEscudo	230,00
thraisthraisthraisthraisthraisthrais thraisthrais thraisthra	Dinar	97.065 830.00			7.01	Puerto Rico	U.S. \$	1,4030
thraisthraisthraisthraisthraisthrais thraisthrais thraisthra	Dinar	830.00	Honduras	Lempira	2.61	Contract 12	O-1-1	0.0920
thraisthraisthraisthraisthraisthrais thraisthrais thraisthra	Dinar		Nong Kong	H.K. 8	10,9075	Qatar	CHARLE HOW	OLUBRO,
ngiadesh arbades ngium	Dinar Res Desets	7.4000				Reenios Island	French Franc	11,7875
rbedce ilgium ilizo		0.0270	Hungary	Forint	68,8922			((Cpt) 5, 96
rbedce ilgium ilizo	Take	227,00 39,70	losiand	1 Martin	37,5445	Romania	Leu	(N/O) 17.4
ilgium	Barbarine X	2.8219	India	tod Rupeer	16.45			
H20		2,8219 (am) 78,301	Indonesia	Ruplah	16.45 1,566,00	Rwanda		139,25
Kizo		(fm) 79.20	I ITAN	Mai	197 87/	St. Christopher	E. Caribbean \$	3.79
nie	8 #	2,21	iraq Irish Republic	tragi Dinar	0.4560 1.2419 2.067.0	St. Heles a	St Neiena &	1.0 3.79
	C.F.A. Franc	002.38	Irish Republic	irish £	1.2419	SE Lucia	East Carribean 3	3.79
HTTOURS	BOA 3	1.4030	Isroal	Stieker .	2,067.0 2,588.6	St. Plarre	LOCAL Franc	11.7875
ıutan		15.45	Italy	C.F.A. France	589.88 E	Samos American	LLR &	3.79 1,4030
Nivia		(0)105,187.5				San Marino	Italian Lire	2,588.5
otewana	Pula	2,7365	jabáu	APUENCE DONEL	8.06 (s.g) 831,50	San Marino Sao Tome & Pris	Dobra	61.36
razii	Cruzeirott	2,059,0	Jordan	Jordanian Dines	0,6420			
		1,4050			-,- ,	Saudi Arabia	Saudi Ryal	5.1275 589.38
unel	Srunei \$	3.1360	Kampuchea	Rioi	N/A	Several	C.F.A. Franc	2.59
ilgaria	Lev	1.4140	Келуа	Kenya Shilling	23.78 1.9919	Sierra Leono	Leone .	(0) 7.45
rkine Feso	C.F.A. Franc	689.38	Kiribati	Australian \$	1.9919	SIRCAROPE	Minorana S	(O) 7,45 3,1360
ma	Kyar	11,4514	Korea (Min)	Won	1,82	Solomon lalands Somali Republic South Africa	Solomon Is. 3	9,1536 e1,53
rundi	BUTUNG! FTENC	166.38	Koree (9th) Kuwait	Won	0,4249	Somali Republic	gomali Shilling	e1,33
Marpon	G.F.A. Steno	589.38		Kuwara Cinga	0,7270	South Africa	Rand	3,5120
meroon	Canadian 3	1.6965	Lage	New Kip	49,09	Special marte la	POSSTE	227.00
LINEARY INVENDES	SDANISh Peseta	227.00	Lebenon		25,49	Spanish ports in North Africa	Pageta	227.00
pe Varde le	Cape V. Escudo	125.20	Lesotha	Maluti	3.6125	Sri Lanka	S. L. Rupee	37.90
yman klands	Cay. Is 3	1,1710	Liberia	Liberian 5	1.4030	Sri Lanka	Sudan £ (u)	3.51
nt. Afr. Republic	C.F.A. Franc	559.35 569.38 242.80	Libya Liechte natein	LIDYER DIRECT	0.4155 3.1360	Swaziland	S. Culidor	3.50
الله	Children Seen	349,86	Luxembourg	Line Strate	78.30	Swaziland	_Hangen!	3,6125 11,5450
10a	Renminol Yuan	4 0630		Lux Franc		Sweden	B. Kronz	3.1650
Numbhia	Col. Poso	CF1910.13					AMISS FISHIO	((A) (T) 9.0
omero islanda ongo (Crazavillo).	C.F.A. Franc	589.38	Macao	Pataca.	11,38	Sýria	Syrian £	(CM) 5.00
ngo (trazavilii).	C.F.A. Franc	(F)910,13 589,38 582,38	Macao	Lourndese Frendo	. 230,00 810,02			
sta Riga	Colon		Malawi	Kweche	0.4190	falwan	New Talwan \$	56.7d
pr	Cuban Peso	(U) 71.60 1.8060	Malaysia	Ringelt	3.4580	Tanzania	Rabe	23,40 56,96
Prus	Cyprus £	9,5145				Togo Republic Tonga Islanda Trinidad	C.F.A. France	589.38
		(com) 9.50	Maidire Islands	Ruffyaa	9,89	Tonga Islanda	Palanca	1.9919
echoelovakia	Koruna	J 8 / 1 1 1 5 4 1	Mail Republic	O.F.A. Franc	363.58 0.6280	Trinidad	Trinidad & Tob \$	3,36
		10.10	Marie Santiniane	MALESO LITA	11 200	TUNISIA	Tuhislan Dinar	1,08(sg)
nmark	Danish Kroner	14.01	Martinique Mauritanie	Charles	11,7875	Turkey	Turklah Lira	752.72
Ibouti	Ulipouti Franc	240.0	Mauritius	M. Ruces	N/A 20,93 (F)469,53	Turks & Caioos	U.S. 3	1,4030
reinica		3.79 ((0) 1.4050			(F)469.53	Tuvalu	vnengigi ₽	1,9219
minican Repub. I	Dominican Paso	7 4 17	Mexico		(C) 409,80	Uganda	Lionada Shilling	819.0
		(O) 94.0110 (F) 168.54	Miqueion	Local Franc	11.7875			
uadgr		(F) 155.54	Mongolia	Franch Franc	11,7875 4,71	United States L	J.S. Dollar	2,4080
umë (	Foundless D	1.1675(14)	Monte and	I Urgrik	5.71	Uruguay	Jruguay Peso	146,07
ypt.,	-97 PORTS -	1.6665 (B) (IO) 3,5060	Montserrat		13.79	Utd.Arab Emirates	J.A.E. Dirham	146.07 6.1580
Salvedor	Colon	(10) 3,5060	Mozambique	uraun Metani	13,80 (sg) (A) 59,48	U.S.S.R	Touble	1,1276
		(F) 5.6690 589.38			AN 102-40	Manual.		*** **
uatoriai Culnea, I	EKuele Ekhanlar 2'—	559,55	Namible	S.A. Rand	3.5126	Yatican	rasu tation I lec	149,13
ilopiai Kland Islands i	Europian Bir	2,9000	Neuru	Austalian Dollar	1,9610	7 ILLIVOUS	CENSUL LITE	2,588.0
os islands	Canich Yerose	14.01	Nopal	Nopalese Rupee	25,57	Venezuela	io!ker	(5) 10 52
islands	Fill 8	1.5790	Netherlands	Guilder	4.3426		7	( (4) 6.03 ( (5) 10.52 ( (6) 20.0129
land	daricka	8,2430	Netherland Antiles	Antilijan Guilder	8,52			. 147 20,012
			New Zealand	N.Z. Dollar	2,6000	Vietnam	Dong	(0) 155.37
ruce	French Franc	11,7875	Nicaragua Niger Republic	Cordoba	D2,88(p)	Yirgin Island U.S	J.S. Dollar	1.4050
enon C'ty le Af	G.F.A. Franc	589,38	Niger Republicana	D.F.A. Franc	589,38	-		
ench Gulana	LOCAL FRANC	11,7870	Nigoria	Naira.	1.254238(ag)	Western Samoz	Samoan Tala	(A) 5,0790
	U.P.P. FIRMS	205.0	Norway	HOTWESIAN KICHE	11.45	V		•
anch Pacific Is (	Li.P.A. FIBNC	589.38 0.00	Owen 201,849 of ""	oai Omani	0.4836	Yemen (Nth)	rya!	(A) 2.44
ench Pacific Is. (						TRIMEN (See)		
anch Pacific Is bon mgia	Setmonts		Pakistan	Pakistan Ross	21,85	Variable (OUI)	s. Temen Dinar	0,4810
ench Pacific Is bon mgia rmany (Easti rmany (West)	Ostmark	3,8625 3,8620	Panama	Pakistan Ross	1.4030 1.3760	Yugoslavia	s. Temen Dinar New Y Cinar	0,4810 388,11 <b>38</b>

† Rate in the transfer market (controlled), †† Now one official rate, (1) Essential goods. (2) Preferential rate for priority imports each an loodstuffs.
(4) Preferential rate for public sector debt and essential imports. (5) Preferential rate, (6) Feet rate in incurry imports, musitances of money stroad and foreign travels. (7) Perellel rate. (6) Rate for remittances of feetgo surveys, (7) Perellel rate. (6) Rate for remittances of feetgo surveys by Egyptians working shread. (9) Bankets rates. (10) Rate for imports. (13) Essential imports. (14) Nearly oil business transactions. (15) Argantine: Jung 15, new currency introduced: 1 euetral =1,000 old peacs.
† Correction (Aug. 18): Beigture (CM) was 78.35.

#### EURO-CURRENCY INTEREST RATES (Market closing rates)

0,740 1,798

11.65

3,277 1,280

2.038 4.938

Aug. 25	Sterling	U.S.	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	Franci Franc	Italian Lira	Belgiau Conv.	Franc Fin.	Yon	Canish Krose
ort-term days' notice ree months months	10:184. 18:184 11:5-11:5 11:2-11:5 11:2-11:4 10:3-11:4	758-734 734-778 712-713 712-816 816-814 816-856	25g-654 654-8 81g-9 21g-956 21g-956	518-518 518-518 518-518 518-518 518-518	11s-11g 103g-105g 4-6-4-8 45g 454 41s-4-18	436.436 436.436 436.436 436.436 456.434	912-94 212-934 1014-1012 11 14-11-5 1178-12	8-13 63g-95g 11 4-12 lg 125g-135g 131g-133g 131g-145g	812-258 259-258 959-1016 213-1014 10-1014	834.2 834.9 218 256 218 954 956.878 25:10	64-64 64-64 64-64 64-64 64-64	256-876 84-854 856-876 219-2 856-214 978-256

3.052 35,56

8,219 15,06

Asian 8 (closing rates in Singapore): Short-term 74-75 per cent; seven day a 74-75 per cent; one month 722-7232 per cent; three reon months 82-832 per cent; one year 82-832 per cent; long-term Eurodollers; two years 92-832 per cent; three years 10-104 per cent; lour 8ve years 10-104 per cent; necessary ne

#### **MONEY MARKETS**

# Hard times for discount houses

Conditions were particularly confusing on the London meney market last week. The strength of the pound suggested to dealers that the time might not be too far off when the UK authorities would sanction a cut in clearing bank base rates. But the rate structure in the interbank market gradually tightened, to the point where a rise in base rates was almost justified.

Although prevailing sentiment suggested the discount houses would benefit in the long run from holding on to their hills, in the bape of selling them after interest rates fall, the cost of running the bills became prohibitive. Paper with a yield of just over 11 per cent was being serviced at a day-to-day borrowing cost of more than 12 per cent.

cent.

The problem as far as the houses were concerned was exaggerated by sverage day-to-day credit shartages in excess of film. Repurchase agreements, by which the Bank of England buys the bills but enables the houses to maintain the benefit of high yielding paper, by returning the hills to the seller at a late date, would bave been welcomed by the market. the market.
This would have eased the

FT LONDON INTERBANK FIXING

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	n. Aug. 23) U.S. dollem
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8 months	J.S. dellers
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problem and kept very sortterm rates at a more reasonable
level, but would also have
encouraged a further decline in
the whole interest rate structure.
This was not something the Bank
of England wished to encourage,
since it may have been interpreted as a signal for an early
cut in bank base rates.

Friday's shortage of £1,350m
was the largest of the week, but

the Bank of England still showed
no enthusiasm for a repurchase
surement with the market.
Sterling has been steady around
\$1.40 and DM 3.85, but in the
past has looked vulnerable to any
for a repurchase
sure market.
Sterling has been steady around
the Bank of England still showed
no enthusiasm for a repurchase
surement with the market.
Sterling has been steady around
the British interest rates. At the
same time the discount houses
were prepared to sell large
days maturity) on Friday These
could mature before the money
supply sunouncement and, assuming no carlier cut in base rates,
hoping that the dollar will contime the discount houses
were prepared to sell large
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MONEY RATES Frankfurt | Paris | Zurich | Amet'dam | Tokyo | Milan | Brussels

Scotsport. 5.00 Wild Heritage. S.30 Hart. 11.45 That's Hellywood. 12.15 am Chillis (S). 3.00-4.00 Gloris Hunniford Chips. 11.45 Reflectione. 11.50 Gelf Compeny.

Overnight Ons Months Two Months Three Months Six Months Lombard Intervention		4,50 4, 4,50 4, 4,50 4, 4,55 4,	65 91g-91 65 95g-97 65 35g-97 70 27g-10	424	150 534. 144 54		75 1414.	143, 2,	-24	1114 - 1114 1056 - 1076 1026 - 1056 1026 - 1056 1024 - 1076
LONDON	MONE	RATE	s	DI	scount	Houses	Depos	it and	Bill	Rates
Aug. 95 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Self)	aligible Bank	Bunk	Track
Overnight	11 13 11 14 11 14 11 11 11 11 11 11 11 11 11	11-123, 	13%-12% 11%-12 11%-12 11% 11% 11% 11% 11%	11% - - 124 - -	11-124 — 115-12 114 114 11		11/5 11/6 107a	11# 11# 10%-10%	1144 1114-11 1006	101g 111g 111g 111g 111g

	Local Auth. Régotiable bonds	Authority	Finance House Deposits	S Cort of Deposits	SDR Linked Deposits	ECU Linked Deposits
one month  Two months  Inree months  Ix months  Ine months  Ine wears  Two years  Three years  Tour years	12-113- 117-115- 1119-1114 113-1118 1119-1078	11111111111	11#6 11#6 11#6 11#6 11#6 11	7.7-7.8 7.7-7.8 7.75-7.85 7.9-8.0 2.1-8.2 8.5 6.4	76-712 711-715 711-715 711-715 711-816 8-814	8-16-8-74 8-16-8-74 8-14-8-78 8-14-9-15

ECOO Fixed Finence IV: Average mits of interest period July 3 to August 8 (inclusive): .11,989 per cent. Local authority and finence houses seves days' notice, others seven days' \$xed. Pineoce Houses Base Rate (published by the Pinence Houses Association): 12½ per cent from August 1 1985. Londen and Scortish Clearing Bank Rates for Inodiog 11½ per cent. Bank Deposit Rates for nums at seven days' notice 6.25-6.25 per cent (net). Trescory Billie: Average render rate of discount 11,0011 per cent. Cartificates of Tax Geposits (Series 0): Deposits £100,000 and over held under one month 11½ per cent; carthree months 11½ per cent; three-six months 11½ per cent; six-sing months 11½ per cent nine-12 months 11½ per cent. Under £100,000 10½ per cent from August 2. Seposits held under Barles 5 11 per cent. The rete fer all deposits withdrawn for cash 7½ per cent.

NEW YORK (Lunchtime)

Treasury Bonds Three year ····· 3.50 0.73

## WORLD STOCK MARKETS

AUSTRIA GERMANY	INORWAY	AUSTRALIA (continued)   JAPAN (continued)	<del></del>	
Aug. 25 Price '+ er Aug. 26	Price + or Aug. 25 Kroner -	Price + er	(A) 371 - 17	•
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Goesser	. 1,375 +5   Christiania Bank 159.5 -0. . 29t.1 +1.5   DenNorske Gred: 143 -0.	855 +5 Hertogen Energy 8.98 Mitsul Estato 855 +5 Hertogen Energy 8.98 Mitsukoshi 874 -2	Soles Stock High Low Close Ching Bales Stock High Low Close Ching	Sales Stock High Law Close Clary   Sales Stock High Law Close Chap
Perimoser 650 +25 Bayer-Hypo Bayer-Verein	357 +4 Kosmos 225 -2 387 +0.5 Kyserper 165 -7	Jimbertana F.P. 0.85 : Nippen Denso. 1,260 -20	TORONTO 440300 CDieth B 1 5714 7 779 + 16 550 CT. Bank 3114 114 114 114 114 114 114 114 114 11	2834 Inter Pipe 3417 <sub>8</sub> 416 <sub>8</sub> 417 <sub>8</sub> - 1 <sub>8</sub> 200 Rottenan 37 37 37 5000 Ipeco 3137 <sub>8</sub> 137 <sub>8</sub> 137 <sub>8</sub> 137 <sub>8</sub> 1190 Scephe 351, 51, 51, 51, 51, 51, 51, 51, 51, 51,
Variagnar Mag 558 +1 BHF-Bank SMW	816 +9 Norsk Data 565 109.5 -1.	.5 Lend Lease 5.86   Nippon Express. 511 +7	August 26 1000 Canton A \$1434 1434 1434 1400 Crowns \$211, 211, 211, 211,	168 Keisey H 342 42 42 2 2638 Shell Can 5264 284 2614 -14 80 Kerr, Add 5154 154 154 -14 6500 Sherry 584 8 84 14
BELGIUM/LUXEMBOURG Price + or Cont'l Gummi Daimier-Benz.  Aug. 95 Frs. Degussa.		Myer Emporium 3.53 +0.65 Nippon Cil 845	100 Abt Proc \$205g 205g 205g - 1g 52250 Caar Res 205 200 205 + 1 3500 Agrico E \$205g 20 205g + 1s 9075 Decision A 0 8135g 135g 135g 135g - 1g 2454 All Energy \$16 19 16 300 Decision 8 0 8135g 135g 135g 135g - 1g	1084 Labett 32814 28 28 1814 Sper Aero \$3014 3014 3014 3014 3014 3014 3014 3014
	288 +28 SPAIN Price; + a	Nicholos Kiwi 1.9 -0.05 Nippon Steel 1778	\$ 1900 Att Not \$141- 140- 141- +1- 19700 Detect & 4 271 No. 75 - 6	150 Lobiaw Co 5214 214 214 74 7950 Steep R 300 275 299 +49
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Fabrique Nat	198.5 + 5.5 Boo. Vizcaya 442 + +8	2mith (Howard) 8.8 +0.1 Orient Leasing 2,550 -30	7042 BGFP 3101s 18 18 2900 Fichbrdge \$187s 197s +18	
Devaert	268.9 +8.9   Hidroign 95.8 +1   152.2 +1	Tooth	11480 BC Phone \$234, 231, 236, +1, 2000 F City Fin 813 15 13 2100 Brunewit \$165, 155, 156, 200 Genels A \$301, 301, 301, -1,	
	. 274 + 1.5 [Telelonics	Western Mining	2800 CAE 318 15/8 19 1500 Geratian 88/8 81 81 - 18 1800 CCL A 817's 17 17 - 18 1800 Geratian 887's 73 73 73	1400 Oshewa A \$321- 32 32 -12 2418 Unicorp A : \$9 61 818 -10 8590 Pac W Airin 31418 1418 -34 60 Un Carbid 818 13 13 -14
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#### **OVER-THE-COUNTER**

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New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

Prices at 3pm, August 26

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# FINANCIAL TIMES WORLD STOCK MARKETS

**WALL STREET** 

# **Shadow cast** by economy and rates

THE DILEMMA over the outlook for the U.S. economy and for domestic interest rates resurfaced on Wall Street yesterday, casting a shadow over both bond and stock prices, writes Terry Byland in New York.

Turnover remained low, well below that of an average session, but the Dow 1,312 mark again proved a support level

for the stockmarket. At 3pm the Dow Jones industrial aver-

age was down 1.0 at 1,317.32. Publication of the minutes for the July Publication of the minutes for the July meeting of the Federal Reserve's Open Market Committee (FOMC), indicating some bias towards tightening policy if money supply continues to soar, height-ened the dehate in the credit market.

Last week's flood of \$2.3bn in corporate borrowing reflected the view of many corporate managers and credit market analysts that interest rates, having fallen by about 20 basis points or so this month, may be about to bottom out. FOMC concern over money supply, to-gether with a pick-up in the economy, could open the way to higher rates.

However, with most economic signposts still pointing to a slower economy, the bond market remains undecided. Federal funds continued to trade below 8 per cent, and there was no sign of intervention yesterday by the Federal Re-serve. Bond prices opened with falls of about % of a point and then steaded in quiet trading.

The stock market again showed sluggish trading in blue chips, but a spurt of features among the takeover of special situation stocks.

SCM, the Park Avenue-based type-writers to chemicals group, gained \$2% to \$68 after its directors had unanimously urged rejection of the \$60 a. share offer from Hanson Trust of the UK. Wall Street, taking its cue from the SCM board's comments, hopes for a rival bid, perhaps in the shape of a leveraged buyont, or higher terms from Han-

Mr T. Boone Pickens returned to the spotlight with his plan to take Mesa Petroleum private, sending the stock ahead \$1% to \$17 in turnover heavy enough to top the active stocks' list in

early trading.

Among TV entertainment stocks, Viacom International jumped \$\% to \$50\%, on its purchase of a batch of network interests from Warner Communications and Warner Amex Cable.

Takeover excitement in the airline sector died away, with TWA, now firmly under Mr Carl Icahn's control, unchanged at \$22%. Pan Am eased \$1/2 to \$8 in much reduced turnover. Attention turned back to earnings prospects in the industry, with investors favouring Unit-ed, \$% up at \$56% and Eastern, \$% better

But Northwest Airlines gained \$1% to \$55% after attracting attention as a possible takeover candidate.

The Detroit motor stocks were restrained by Wall Street's doubts over the generous financing plans by the major manufacturers, described by a Chrysler

executive as tantamount to price cuts.
Ford at \$43% edged up \$%, while General Motors at \$66% and Chrysler at \$36% showed similar gains.

The high-technology sector also moved sluggishly, with semiconductor stocks weakish after National Semiconductor, unchanged at \$31%, admitted a loss of \$44m for the first eight weeks of the current quarter.

Among the main-frame manufacturers, IBM edged up \$% to \$127%. Honeywell added \$% to \$62%, and Burroughs \$% to \$64%. At \$100%, Digital Equipment gained \$114

AT&T, still smarting from last week's disclosure of plans for substantial labour cuts at its computer and business phones division, cased \$\% to \$21\%,

There was some profit-taking among the pharmaceutical stocks, which have advanced strongly over the past weeks. Merck, the industry leader, and also a constituent of the Dow industrial average, fell \$1% to \$115%. Upjohn, an erratic mover recently as prospects for its anti-baldness medicine are dehated on Wall Street, gave up \$2% to \$105%. . .

In the credit markets, Treasury-bill rates edged higher in the face of a busy week of federal financing at the short end of the market. The bond market was sluggish but rallied from its early falls. CANADA

SPURRED by a modest increase in gold, stocks turned mixed at mid-session in Toronto. The composite index added 1.89

points to 2772.33. Lac Minerals gained C\$\% to C\$35\% and Mascot put on 4 cents to C\$2. Among industrial actives, Pagurian

was up C\$% to C\$9%, In Montreal banks and utilities moved higher while industrials eased.

EUROPE

# **Foreigners** favour oils and cars

FOREIGN buying buoyed European bourses yesterday and interest centred on car and oil issues. However, London's absence from the market kept trading in bonds to a minimum and most prices ended barely changed.

Daimler was the centre of attention in Frankfurt, closing at a record high of DM 929 after a gain of DM 28. BMW rose DM 9 to DM 445 and Porsche jumped DM 35 to DM 1,305.

VW, which expects a 12 per cent rise in car sales for 1985 and has announced that it will build 40,000 cars by the beginning of 1987 under the joint venture scheme in China, recorded a gain of DM 5.40 to DM 322.9.

The Commerzbank index, which is calculated at mid-session, missed the late rise in many sectors but still added 13.8 to 1,428.8. Benefiting from the interest for do-

mestic issues, retail store stocks rose, led by Karstadt, which added DM 8.90 to DM 268.90. Kaufhof followed, with a DM 6 gain to DM 292, and Horten DM 3.50 to

Interest-rate-sensitive banks also picked up, with Deutsche Bank, DM 8 picked up, with Deutsche Bank, Dra o higher at DM 562, leading the trend. Dresdner Bank and Commerzbank added DM 1.50 and DM 1.30 to finish at

DM 289 and DM 205.80 respectively.
In less active electrical issues, Siemens added DM 1 to DM 540, Nixdorf DM 1.50 to DM 531.50, while AEG, which now has 99 per cent control of loss-making typewriter manufacturer Olympia, rose 10 pfg to DM 131.20.

A dearth of fresh factors and a pause for breath after last week's hefty gains left bonds posting rises or losses of about 10 pfgs. Longer-dated maturities, however, advanced by 10 pfgs.

The Bundesbank continued its buying spell, taking up DM 3.6m of paper after purchasing DM 8.9m on Friday.

Demand in Amsterdam for blue skins

Demand in Amsterdam for blue chips and banks was the only feature in other-

wise lifeless trading. The ANP-CBS General index inched up 0.1 to 217.4 on the back of advances from the big international issues. ABN added FI 2.50 to FI 505.50 ex-

rights, NMB Fl 1.20 to Fl 209.20 and Am-

ro 80 cents to F1 87.20, However, mort-gage bank FGH shed F1 4 to F1 58.40 on lower-than-expected profits for the first

Insurers were mixed ahead of their results, which are due later this week. Amev advanced Fi 1 to Fi 280, while Aegon eased 20 cents to Fi 99.80 and Nationale declined 30 cents to Fi 77.90.

Advances among the internationals were led by KLM, which added Fi 1.10 to Fl 61.90. Royal Dutch gained Fl 1 to Fl 191.20, Azko 60 cents to Fl 124.30, Unilever 80 cents to F1 329 and Philips 40 cents to F1 46.60.

Dutch government bond prices were lower where changed, experiencing falls

of 10 to 20 cents. Zurich continued to react favourably to declining interest rates and recent positive company news. Most prices end-

Stock exchanges in London, Hong Kong and Singapore were closed yesterday because of local holidays.

ed steady, buoyed by local and foreign

interest in selected issues.

Banks and insurances were mixed to slightly higher. Helvetia rose SwFr 40 to SwFr 2,490, Swiss Re SwFr 50 to SwFr 13,200, while Swiss Bank, at SwFr 483, and Credit Suisse, at SwFr 3,045, were both unchanged.

Swiss foreign bonds continued slight-

Paris remained narrowly mixed as investors sought to position themselves on advancing issues ahead of the new

bourse month. Oils were generally firmer, with Elf Aquitainc FFr 4.80 higher at FFr 204.70. Car issue Peugeot also extended its re-

cent gains, adding FFr 9 to FFr 390. Metal issues continued the rally that was set off last week by bargain bunters and retailing stocks were narrowly

higher.
Rises in oil stocks were the only fea-ture in a quiet Brussels, where most is-

Heavyweight Petrofina added BFr 70 to BFr 8,020 and that belped to lift the Brussels cash index up 3.19 to 2,338.06. Petrofina's gains came before the announcement that its chairman and chief executive, M Adolphe Demeure de

Lespaul, had died on Sunday In a mixed Stockholm, Ericsson ended unchanged at SKr 224 while announcing that it had won a \$28m order from China

for 10 digital telephone exchanges. Elsewhere, Electrolux added SKr 2 to Madrid rose in light trading as inves-tors sought banks and utilities, while Milan eased ahead of month-end dead-

lines that dampened initiative.

New Issue

TOKYO

# Interest in construction builds up

MOST large-capital issues remained popular and constructions attracted buyers in Tokyo yesterday, while biotech-nologies plunged toward the close, writes Shigeo Nishiwaki of Jiji Press.

The decline in biotechnology issues was led by Asabi Chemical, which tumbled on rumours that the anti-cancer drug it is developing has harmful side

The Nikkei-Dow market average lost 38.32 to 12,651.77. Volume continued high at 503.53m shares, up from 455.84m last Friday. Declines led advances 383 to 365, with 160 issues unchanged.

Big-capital issues, which have been favoured by institutional investors since early last week, continued to benefit from the world trend toward lower inter-

Mitsubishi Heavy Industries was prominent, ranking first of the top 10 stocks with 68m shares changing hands, it rose Y9 to Y403 at one stage, but finished only Y2 up at Y396.

Some other shipbuilding issues advanced in sympathy. Kawasaki Heavy Industries gained Y7 to Y227 and Ishikawajima-Harima Heavy Industries Y4 to Y202. Japan Steel Works, a defence stock, also gained Y4 to Y288. Nippon Steel was traded actively, but closed Y2 down at Y177 on late selling.

Constructions stood out among public works-related stocks. Ohbayashi, added Y24 to Y434, Taisei Y9 to Y338 and Kajima Y5 to Y466.

Asahi Chemical climbed Y10 to Y885 Asahi Chemical cumped 110 to 100, before dropping Y35 to Y840 after the rumours circulated. Its asked price fell to Y830 and sell orders for more than 600,000 shares remained unfilled.

. Other biotechnology issues also slid on small-lot selling. Dainippon Pharmaceutical closed at Y3,440, down Y130 from the previous close. Yamanouchi Pharmaceutical shed Y230 to Y2,970, Daiichi Seiyaku Y40 to Y2,340 and Green Cross Y40 to Y2,210.
Elsewhere, blue chips, particularly electricals, eased on light selling. Hita-

chi fell only Y1 to Y674, but Victor Company of Japan plunged Y150 to Y1,260. The bond market weakened slightly in extremely thin trading. Investors and brokers shunned both the over-the-counter and inter-broker markets, with institutional investors and securities firms becoming reluctant to buy in anticipa-

tion of a further decline in U.S. interest Moreover, they were awaiting the outcome of the negotiations which began yesterday between the Finance Ministry and the underwriting syndicate on the

of 10-year government bonds.

The yield on the benchmark 6.8 percent government bond due in December 1994 rose slightly to 6.190 per cent from last Saturday's 6.185 per cent.

issue terms for the September flotation

#### **AUSTRALIA**

THE CORRECTION from sharp gains earlier in the month continued in Sydney yesterday and the All Ordinaries index dropped 2.9 to 942.3.

High domestic interest rates, some uncertainty over proposed changes to the Australian taxation system and concern over possible wage increases led to

the decline.

Industrial issues were among the hardest hit in dull trading. Market leader BHP lost 10 cents to A\$7.04 while CSR shed 1 cent to A\$3.01.

North Broken Hill added 15 cents in early trading but lost 4 cents to end 11 cents higher at A\$2.86 following a special sale late on Friday of more than 2m shares, reportedly to overseas interests.

In takeover situations, Castlemaine Tooheys traded unchanged at the Bond Corporation hid price of A\$8.25 with more than 1.8m shares changing bands. Castlemaine's chairman bas advised shareholders not to accept the bid and is waiting for a possible rival offer from another company, which is likely to be based overseas. Bond Corporation added 8 cents to A\$1.70.

#### **SOUTH AFRICA**

STRONG demand for selective issues took prices higher in Johannesburg and a firm bullion price led to active buying in gold stocks.

Randfontein added R2 to R200 and Blyvoors advanced 70 cents to R13.80. Buffels rose R1.25 to R1.25 to R74.75. Anglo American Gold R1 to R186.50 and Driefontein R1 to R50.

Mining financials and platinum also firmed with Gencor adding 50 cents to R27.50, Anglo American Corporation 10 cents to R30.50, and Rustenburg Platinum 75 cents to R18.15.

Other miners were generally steady with diamond share De Beers up slightly at R11.95, a gain of 5 cents on Friday's

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May 1985.

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8 Pitch corrector entertains Sir Alan Marre, 44 The Vale.